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NEWS SUMMARY

GENERAL

Holiday travel delay threat

Holiday travellers may face delays of more than four hours at airports and seaports because of a two-week work-to-rule by Customs officers, which starts at midnight tonight.

The warning came from union officials organising the action, which is in support of a pay claim.

About 6,000 Customs officers—members of the Society of Civil and Public Servants—and about 2,000 clerical staff—members of the Civil and Public Services Association—are involved.

U.S. accused by Israel

Israel accused the U.S. of proposing the creation of a Palestinian state during talks with Egyptian officials about autonomy for the occupied West Bank and Gaza Strip.

According to Israel Radio, the Americans suggested that a legislative council be set up alongside the administrative council agreed at Camp David. This, the Israelis say, would give the region all the powers of the state.

Pandolfi fails

Italy's Prime Minister-designate Filippo Pandolfi gave up his attempt to form a new Government and plunged his country into one of its worst political crises. Back Page

Ulster shootings

A 15-year-old boy was seriously injured and a girl of 15 slightly hurt when soldiers fired at two stolen cars at a Belfast checkpoint. The Army said the boy and girl were found with gunshot wounds near the cars after they were abandoned.

Top police job

The man who led Scotland Yard's Poulson inquiries, James Crane, has been appointed Chief Inspector of Constabulary to succeed Sir Colin Woods. Mr. Crane, now Inspector of Constabulary for the West Country, takes up the new post on September 1.

£150m rail plea

British Rail is to ask Government approval to spend £150m on 60 electric advanced passenger trains. Railways marketing director Robert Reid said that without the new trains the Inter-City network would "founder." Page 6

Royal salute

A 19-gun salute was fired from Dover Castle to mark the installation of the Queen Mother as the first woman Lord Warden of the Cinque Ports. Thousands of people stood for hours in heavy rain to watch the ceremony.

Namibia switch

South African Premier P. W. Botha dismissed Judge Marthinus Steyn, Administrator General in Namibia (South West Africa). Professor Gerrit Viljoen, chairman of the powerful Afrikaner Broederbond, takes over. Page 2

Wreck recovered

The Dan-Air aircraft which crashed in the sea off the Shetlands on Tuesday was dragged to the surface and its black box flight recorder recovered. The crash killed 17 people.

Briefly . . .

Thailand repealed martial law powers introduced after 1976 military coup.

Iran's second largest party has threatened to boycott constituent assembly elections—due today—unless they are postponed at least three weeks. Page 2

Judge ordered the eviction of 450 residents in town of Fernandez, Uruguay, after transfer of land title.

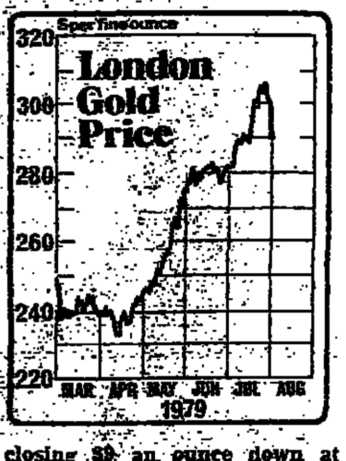
BUSINESS

Sterling up 2.25c; Gold falls $9

● STERLING fluctuated sharply but recovered some of its losses, rising 2.25 cents to close at $2.2765. Its trade-weighted index rose from 72.1 to 72.4.

● DOLLAR was weaker, finishing at DM 1.8285 (DM 1.8335). Its trade-weighted index slipped to 84.4 from 84.6.

● GOLD fell sharply in heavy speculative trading in London,



closing $9 an ounce down at $289¼.

● EQUITIES: The FT 30-Share index closed 4.5 up at 454.3. Leading shares, initially easier, made some headway in early afternoon trading.

● GILTS opened better and performed well, gains on longs extending to ¼. The Government Securities index closed 0.26 up at 72.90.

● WALL STREET before the close was 0.89 down at 846.33.

● NATIONAL UNION of Seamen instructed supply boat crews not to service North Sea oil rigs and platforms involved in the offshore catering workers' strike. Back Page

● BRITAIN'S merchant fleet continued to decline last year despite improved freight rates and fewer ships laid up. The tonnage has dropped by 20 per cent in four years to less than 40m deadweight tons. Page 6

● JAPANESE cars, led by Toyota, are taking an increasing share of the competitive German market. Page 4

● INLAND REVENUE consultative document says that a wide range of business costs should become tax allowable. Page 5

● ALITALIA, the Italian state airline, declined to comment on reports that it was negotiating the purchase of five Boeing 747s. Page 4

● UK steelmakers have protested to the Government over the alleged dumping of large quantities of stainless steel from Brazil on the British market.

COMPANIES

● EAGLE STAR, the insurance group, is having new bid talks with Bernard Sunley Investment Trust, the property company in which it has a 35 per cent stake. Back Page; News Analysis Page 22

● SHELL Transport and Trading shareholders are to receive the entire dividend of 27.184p a share which had been deferred by statutory controls. The payout, on October 1, will total £300.3m. Page 20

● WARING AND GILLOW (Holdings) achieved record profits which were 40 per cent up at pre-tax level to £5.03m for the year to March 31. Page 20

● DIXONS Photographic, the cameras, television and pharmaceutical retail stores group, raised taxable profits 12.5 per cent in the year to April 28. The group has announced a sharply higher dividend and a one-for-three scrip issue. Page 20 and Lex, Back Page

● VOSPER, the British shipbuilder, reports a fall in first half profits from £915,608 to £795,961. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 11½% 2003	£14⅛	+ 1
Allied-Irish Banks	112	+ 8
BAT Inds.	281	+ 10
Bank & Commercial	285	+ 45
Bristol Industries A	50	+ 10
Brooke Bond	42	+ 10
Comben Group	53	+ 3
Ford Martin	35	+ 3
Ladbroke	173	+ 5
Lennons	39	+ 2
Midland Bank	378	+ 10
Provident Financial	86	+ 5
Reed International	163	+ 5
Russell (A.)	134	+ 8
Smiley (R.)	447	+ 45
Unilever	498	+ 10
Wearwell	32	+ 4
Oil Exploration	352	+ 12
Tricentrol	222	+ 12
Silvermines	39	+ 5

FALLS

Grindlays Bank	95	− 6
Guinness (A.)	171	− 3
Hoover A	300	− 10
Paterson Zochonis A	130	− 10
Vosper	201	− 11
BP	1160	− 35
Anglo American	309	− 15
East Rand Prop.	443	− 20
Kloof Gold	725	− 66
Vaal Reefs	£14	− 1
Western Holdings	£15⅛	− 1

Clegg pay awards may cause more public spending cuts

BY ALAN PIKE, LABOUR CORRESPONDENT

The Government yesterday undertook to implement the Clegg comparability commission recommendations on public services manual workers pay, but said it would be necessary to consider public expenditure cuts to offset the cost

The awards, which will give 1.4m public service workers comparability increases of between 2.7 and 25.8 per cent, led to local authority leaders expressing concern about the financial implications of the proposals at a time when the Government was demanding restraint.

Prof. Hugh Clegg, chairman of the Standing Commission on Pay Comparability, presented his proposals only a day after the Government had instructed local authorities to reduce the Labour Government's spending limits by 5 per cent in real terms next year.

Mr. Ian Coutts, chairman of the Association of County Council's local government finance committee, said last night that the proposals would mean a further reduction in council staff and might lead to some authorities going to the private sector to provide services on a contract basis.

Mr. Ian McCallum, chairman of the Association of District Councils said that the recommendations had "significant financial implications" and local authorities needed to know what proportion of the awards would be paid by the Government.

However, union leaders—who were disappointed that Prof. Clegg's proposals would do comparatively little for their lowest paid members—stressed that they will resist attempts to finance the awards through job cuts.

"We shall oppose any attempts by the Government to penalise workers for the recommendations of this report," said Mr. Mick Martin, public services national secretary of the Transport and General Workers Union.

"The Government would be well advised to avoid further trouble this winter by not trying to force redundancies in the public services to pay for these awards."

The commission was set up after last winter's strikes in the public services and yesterday's *recommendations come on top of* 9 per cent awards achieved then.

The commission says the gross earnings cost of its proposals—including £1 per week on account payments the public service workers have been receiving since the dispute—will be £236.5m (10.9 per cent) for local authorities, £70.5m (10 per cent) in the health service, and £18.6m (23 per cent) in the ambulance service.

Higher-paid manual workers would benefit most from the proposals because, as Prof. Clegg said yesterday, evidence indicated that pay differentials in the public services had been squeezed more tightly than elsewhere in the economy.

This means that many of the 1.4m employees covered by yesterday's reports will receive awards at the lower end of the scale.

For example, although some health workers will receive up to 16.9 per cent, 75 per cent of them — mostly part-time — are in grades which will receive only 3.8-6.5 per cent.

Similarly, 52 per cent of all the 1.1m local authority manual workers are in grades which will receive 3.6-4.9 per cent. About 90 per cent of these are part-time workers, and the higher awards will go to employees like head cooks and other specialist workers.

In spite of their regret that the proposals do not meet their aspirations on low pay, union leaders see the report as a vindication of last winter's industrial action.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said that while the recommendations did not take the unions to the £60 minimum rate, they gave—along with the increases already received—an average of 20 per cent.

"If the last Government had offered our members increases of 20 per cent at the beginning of the year the strikes could well have been avoided and we might still have a Labour Government in power."

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Editorial comment, Page 18

Bank gives warning on industrial investment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

DECLINING profitability and investment could cause "more lasting damage" to manufacturing industry during the next 18 months than occurred during the 1974 recession and liquidity crisis, the Bank of England says.

It has estimated that because of the pressures on manufacturing companies they will need to raise £3.6bn from external funds this year against only £2bn last year.

This was reported to yesterday's meeting of the National Economic Development Council, some of whose members believed that manufacturing investment would have to be cut in the face of requirements for such a level of external financing from banks and other sources.

Sir Geoffrey Howe, the Chancellor, told the meeting that the Government could not change course to accommodate the problems of industry.

He was criticised by Mr. Len Murray, TUC general secretary, for regarding wage levels as the only possible variable in the economy. Sir Geoffrey replied that there was a "total limit to our room for manoeuvre." He added: "The pace of change is faster than anyone would want, but it can't be pu toff."

The Bank's views were reported to the meeting by Lord Roll, chairman of the NEDC committee on finance for industry which last week received a report from the Bank on the financing of manufacturing industry.

Figures reported by Lord Roll show that the Bank expects gross trading profits after stock appreciation and depreciation to decline from £3.7bn last year to £2.4bn this year and to £1.9bn next year.

This would lead to a reduction in the internally generated funds available for reinvestment from £4.2bn last year to £2,3bn next year, with a small improvement to £2.6bn in 1980.

Even if the scale of new equity issues were to remain the same as in the last two years, nearly twice as much as last year would be required from external sources, in particular from the banks.

The prospects for inflation and higher oil prices could cause a shock to manufacturing industry and could cause liquidity problems. In addition, Lord Roll said, the Bank felt that the likely decline in profitability could depress investment and so cause more lasting

Continued on Back Page

Health rebels' powers stripped

BY PAUL TAYLOR

THE 33 members of a rebel health authority in South London were yesterday stripped of their powers and responsibilities by Mr. Patrick Jenkin, Social Services Secretary. They had refused to make spending cuts of £5m for this year.

Mr Jenkin, in an unprecedented move, used the emergency provisions under Section 86 of the 1977 Health Service Act to halt the revolt by members of the Lambeth, Southwark and Lewisham Area Health Authority against Government attempts to contain health expenditure.

Mr. Jenkin will now appoint commissioners to undertake the work of the authority. They will decide where cuts should be made to stay within Government spending limits. As an interim measure the South East Thames Regional Health Authority—the area authority's administrative parent body—will take over the members powers and functions.

Mr. Jenkin made it clear that technically the 33 members of the Area Health Authority had not been "sacked." He rejected suggestions that "massive cuts in patient services would be necessary to contain spending." And said claims that over 200 patients would die as a result of the cuts were "hysterical."

His decision prompted a predictably hostile response from local doctors, health service unions and local authority representatives on the health authority. It could signal the start of a further campaign against the cuts.

Mr. Jenkin said the decision of the authority's members on Monday to reject spending cuts meant that "the money will run out before the end of the financial year, leaving the authority unable to pay salaries and wages, unable to pay their bills as they fell due and therefore unable to maintain services to patients."

Faced with such an emergency, Mr. Jenkin said he had "no option" but to invoke the powers given him under the Act.

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Chrysler presses for $1bn tax relief

By John Wyles in New York

CHRYSLER CORPORATION is pressing *the Carter Administration* for $1bn in special tax relief over the next 16 months to prevent a drastic reduction in the company's activities or even its collapse.

Following a record $207.1m second quarter loss, Chrysler's two top executives, Mr. John J. Riccardo, chairman, and Mr. Lee Iacocca, president, said the company was counting on Government help and had no alternative solution to Chrysler's desperate financial plight.

There are two dimensions to Chrysler's crisis, which poses a problem for the Carter Administration since the only recent precedent for Government aid for an ailing company is the $250m loan guarantees provided for Lockheed Corporation in 1971.

Chrysler is suffering a severe slump in demand for its cars and trucks and is being forced to finance an inventory of 80,000 units or 95 selling days' supply worth $700m. The revenue shortfall allied to costs of financing this inventory is straining credit lines so that $550m out of $750m have already been used.

As a result, the company is struggling to find the $1bn it needs for engineering, and research and development.

Chrysler says half its capital expenditure needs for 1979/80, $1bn, is spending forced upon it to meet Government mandated, fuel economy, emissions and safety regulations.

The U.S. Treasury, which says it is concerned about Chrysler and its 250,000 employees, has promised to expedite its examination of the company and its requests. Chrysler is also asking to delay for two years implementing 1980 and 1981 fuel emission standards to save between $100m and $300m.

Chrysler Financial Corporation, the subsidiary which supplies wholesale finance for the company's dealers and retail finance for its customers may face a crisis because Moody's Investors Service has removed its rating of prime 3 on the company's commercial paper.

The Financial Times learned yesterday that most of the $1.1bn of paper outstanding is of seven-day maturity and Chrysler Financial fears at last $500m will have to be paid off. Chrysler Financial, which normally sells between $200m and $300m of its paper every day, looks almost certain to be forced to draw down on its $1.6bn of bank credit and meet substantially higher financing costs on whatever paper it can sell.

Carrington protests at BP takeover

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

BRITAIN yesterday delivered a strong and public protest to the Nigerian Government over the nationalisation of British Petroleum's assets.

In front of some 500 delegates and journalists at the Commonwealth Conference in Lusaka, Lord Carrington, Foreign Secretary, took Major-General Adefope, Nigeria's Commissioner for External Affairs, to one side and protested at the Nigerian action in the most vigorous terms.

Later, Lord Carrington said: "I can think of nothing more counter-productive and nothing less likely to succeed than an attempt of this kind to move the Government's policy on Southern Africa.

"This will have a very serious effect on Anglo-Nigerian relations."

The Lagos Government's action cast a shadow over the opening day of the Commonwealth heads of Government meeting here.

In a restrained speech which was generally well received, Mrs. Margaret Thatcher made it clear that she had come to Lusaka to listen to the views of other delegations on the Rhodesian question.

The Prime Minister declared her aim was to "bring Rhodesia to legal independence on a basis which the Commonwealth and the international community as a whole will find acceptable, and which offers the prospect of peace for the people of Rhodesia and her neighbours."

Last week in the Commons, Mrs. Thatcher merely spoke of bringing Rhodesia to independence with the widest possible international acceptance.

"I shall listen with the greatest attention to what is said at this meeting," Mrs. Thatcher added.

Her speech followed a strong restatement by President Kaunda of Zambia, chairman of the conference, of his Government's view of the problem.

"We believe Rhodesia is a British colony," he said. "Nothing has changed."

Rhodesia's leaders were "rebels against the crown." The April elections had produced "an illegal and puppet government." Bishop Muzorewa succeeded rebel Ian Smith in office, but did not succeed him in power.

"Majority rule must mean the total transfer of power from the minority." The situation in Salisbury today was "white power clad in black habiliments."

Ian Smith was "a symbol of evil which is costing Zimbabweans and the neighbouring countries precious life."

Mr. Malcolm Fraser, Australian Premier, who sees himself as playing the role of honest broker here on the Rhodesia issue, delivered a conciliatory statement in which he strongly condemned the "obscenity" of racialism.

He said it was vital to recognise and build on the substantial areas of agreement over Rhodesia.

"The recent election has created conditions for movement. But in itself the election settles nothing—let there be no doubt about that."

Mrs. Thatcher made a thinly veiled criticism of Nigeria's action against BP in her conference speech. She said that world economic difficulties had been made worse by the latest round of oil prices increases and by "recent sudden arbitrary action which will affect the oil market and prices."

The British view of the Nigerian move is that it is a deliberately timed manoeuvre aimed at putting pressure on the Government over its Southern Africa policy.

The formal statement put out by the Lagos Government is being denied point by point. *No permission of any kind has* been given by the Government for BP to "start exporting North Sea oil to South Africa," it is being said.

The Nigerian claim that "the recent decisions of the British Government is a clever ruse for sending Nigerian oil to enemies of Africans in South Africa" is being met with open incredulity.

The British Government is to ask Nigeria to "reconsider" its nationalisation decision. Mr. Frank Kennedy, the acting High Commissioner in Lagos, is to take up the matter with the Nigerian Government.

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Men and Matters, Page 18
BP observed curbs, Back Page

£ in New York

—	July 31	Previous
Spot	$2.2490-2530	$2.2880-2930
1 month	0.75-0.70 dis	0.82-0.78 dis
3 months	1.90-1.85 dis	2.03-1.99 dis
12 months	5.60-5.35 dis	5.44-5.30 dis

Dutch relax rules on foreign borrowing

BY DAVID MARSH

IN A move to encourage capital imports and help reduce the balance of payments deficit, the Netherlands has decided on a further relaxation on restrictions on foreign borrowing by Dutch companies.

The Dutch central bank from now on will allow companies to raise funds abroad with a *minimum maturity* of seven years, compared with the previous limit of 10 years.

It will also allow companies borrowing 10-year money to alter the interest rate after five years, whereas previously the rate had to be fixed for the whole life of the loan.

The new regulations apply to borrowings both in foreign currencies and guilders, whose proceeds are spent in Holland.

The change if it leads to a *spurt of external borrowing*, could eventually help the guilder on foreign exchange markets, where it has been weakened lately against the Deutsche Mark within the European Monetary System. But the central bank stresses that this is not the primary aim of the new rules.

The central bank decided on an initial relaxation of foreign borrowing rules last December. This was in response to the country's lurch last year into deficit on its current account balance of payments, as well as the rising public sector borrowing requirement. But according to officials at the central bank, companies have shown marked reluctance to take up loans at the minimum maturity of 10 years.

The latest relaxation is meant to be only a cautious move towards loosening capital controls, as the central bank does not want companies to side-step the present strict limits on domestic credit.

EMS seen as a stabilising force

BY CHARLES BATCHELOR AND DAVID MARSH

PROSPECTS for stability within the European Monetary System have been improved by a growing readiness on the part of member countries to tighten monetary policies in response to pressure on their currencies.

This was stated by Mr. Andre Szasz, executive director with specific responsibility for international monetary affairs at the Nederlandsche Bank, the Dutch Central Bank, in an interview with the Financial Times in Amsterdam.

Despite the rise of the Deutsch Mark over the past month or so to near its upper allowed limit within the system against the guilder, Belgian franc and Danish krone, Mr. Szasz said there was no need in the foreseeable future for any realignment of EMS currency parities. A prerequisite for a realignment would be a position of fundamental disequilibrium in the payments balances of member countries, and this was not the case at present.

Since the bout of tension in the EMS which started in May—partly in response to higher interest rates in West Germany—the Dutch, Belgian and Danish Central Banks have all raised their bank rates at least once, while interest rates have also been rising in France and Italy.

The Nederlandsche Bank has raised the bank rate three times,

Dr. André Szasz

by a total of 1½ per cent, to 8 per cent, the highest for 4½ years.

By allowing money market interest rates to take the strain of currency outflows, the Nederlandsche Bank, in common with the other EMS Central Banks, had been successful in relieving pressure on their currencies, Mr. Szasz said. Intervention to support the guilder against the Deutsche Mark had been fairly modest over the past two months, totalling the equivalent of $200m to $300m, and none had been needed over the past 10 days or so. On balance Dutch currency reserves since the start of the year had risen by about $500m.

Interest rates changes prompted by exchange rate pressures might upset the money market, but in fact this commitment to the "rules of the game" of the EMS affected only a comparatively minor area of the economy.

Governments had learnt their lesson the hard way over the past few years that the only way to keep exchange rates stable was through strong monetary measures. Another part of the EMS "rules" now becoming more widely accepted was that exchange rate realignments were self-defeating unless countries which devalue simultaneously take domestic policy measures to reduce inflation and improve their balance of payments.

The Dutch central banker said that during the past few weeks the currency markets had been unsettled by suggestions that a realignment would take place at the same time as the EMS review planned for the autumn. But this was a "red herring." There was no intention of coupling the reassessment of the mechanisms of the EMS, which would probably be completed by the time of the next EEC summit in Dublin in November, with any changes in currency parities.

This was particularly because the EEC authorities saw no signs of fundamental imbalance in the overall payments picture of member states, with OECD forecasting a better current account performance for France and Italy than for Germany over the next 12 months.

Mr. Szasz stressed that EMS currency parities were adjustable. But any eventual changes that might be decided would be small, which would limit the profits for speculators.

Turning to the Dutch economic situation, Mr. Szasz said the recent weakening of the guilder against the Deutsche Mark had been overdone. While the Netherlands had moved into a Fl 2.5bn deficit on its current account in 1978, developments this year had tended to support official forecasts of a smaller deficit of Fl 1.5bn for 1979.

The prospects within the next few years were for a return to surplus, particularly in view of the favourable energy position. With Dutch natural gas prices linked to world oil prices, the recent OPEC price rise had been advantageous to the balance of payments.

Irish power cuts may continue

By Stewart Dalby in Dublin

THE EXTENSIVE power cuts which have affected Dublin in the past week could continue for the next few days, says the Electricity Supply Board, the State-run generating concern.

Ostensibly, the cause of the trouble has been a strike at Poolbeg, the Dublin generating station. The stoppage, which began on June 14, has just been settled.

The members of the Electrical Trades Union (ETU) have agreed to an immediate return to work, on condition a joint working party is set up to examine technological development.

The fact that Poolbeg has been out of commission for some weeks has made the ESB vulnerable to power cuts.

For example, a three-hour power cut on Tuesday was caused by temporary faults in the Tarbert plant in Co. Kerry and the Ringsend plant in Dublin.

The ESB has little spare energy, so that if one power station defaults, for any reason, widespread power cuts can occur.

At present, Ireland's generating capacity is about 2,500 MW, with another 700 MW to come on stream by 1982-83. The Government believes that about 5,000 MW will be needed by 1988.

Ireland has no indigenous oil-supplies, and imports 75 per cent of its energy needs in the form of oil.

There has been a plan to build the country's first nuclear power plant, one of 650 MW at Carnsore Point, near Wexford.

Rumours boost Austrian schilling

BY PAUL LENDVAI IN VIENNA

OFFICIALLY INSPIRED rumours about a small revaluation of the Austrian schilling have sparked an influx of "hot money" into the country this week estimated at almost $200m.

It also raised the exchange rate against the Deutsche Mark yesterday to Sch732.90 per DM 100, against Sch734.10 at the start of the week.

The central bank is expected to allow the Schilling to rise to Sch724-Sch730 per DM 100.

The hectic activity was set off by Professor Hans Seidel, director of the Institute for Economic Research, who called for a de facto revaluation of the trade-weighted average of the Schilling by 2-3 per cent. Stability and firm action to offset the inflationary effects of the higher import bill for energy, he said, should have priority over export promotion.

Such a policy would mean an effective rate of Sch710-Sch720 per DM 100.

The revaluation plan has provoked strong opposition from the Chamber of Commerce and the Federation of Austrian Industries. Both complained that the move was "totally unjustified," and posed a threat to exports and increased the pressure on profit margins.

Austria is expected to increase its spending on imported energy by Sch6bn (£190m) to a total of Sch30bn (£965m) this year, and the trade deficit is likely to rise by Sch1.5bn to Sch3bn. As a result of "imported inflation," the consumer price index also is forecast to rise a further ½ per cent this year.

Yugoslav projections questioned

BY DAVID WHITE IN PARIS

A NUMBER of Yugoslavia's official economic projections for this year are challenged in a report on the country published by the Organisation for Economic Co-operation and Development. Yugoslavia is not a member of the OECD but is associated with some of its activities.

Government targets for economic growth, the deficit in the country's current external account and inflation are all judged to be unrealistically low.

Despite a tightening of credit policy in February and recent energy-saving measures, inflation and balance of payments targets are unlikely to be met and further policy changes may be required. The OECD says.

In particular, the report urges more effective control of nominal wages. Unless the wage-price spiral can be slowed down, it says, "high-growth policies will have to be laid aside from time to time to redress the external and internal financial situation."

There is no evidence that retail price inflation is slowing down, and it will have to do so considerably if the 13 per cent target rate for the year is to be met, the report says. Last year, the rate was virtually unchanged at 13.4 per cent.

The OECD expects an increase in the current account deficit from last year's $1.02bn. This contradicts the official projection of a small decline in the shortfall.

The report's forecast is based on a deterioration in terms of trade, due particularly to the rise in oil prices, and on the expectation that import volume will rise faster than planned.

But although Yugoslavia will *probably* fail to keep the increase in imports down to 2 per cent, its assumption of a 5 per cent growth in export volume "would not seem unreasonable."

Economic growth may exceed the 6 per cent target. Industrial output, in particular, has been showing a growth rate well above the year's projection of 7 per cent.

Construction activity should also exceed the target, although services may lag behind.

French defence costs up

BY ROBERT MAUTHNER IN PARIS

FRENCH DEFENCE spending will increase by nearly 15 per cent to FFr 88.6bn (about £9.3bn) in 1980 compared with last year, following an upward revision of next year's military budget on the instructions of President Giscard d'Estaing.

More than FFr 48bn has been set aside for the running costs of France's military forces, a rise of more than 11 per cent year-on-year, while nearly FFr 40bn has been earmarked for expenditure on nuclear and conventional equipment, an increase of 19.5 per cent over last year's budget.

Investment authorisations for long-term military projects, for which credits are subsequently allocated year by year, will total FFr 52.5bn in the 1980 budget, an increase of 22.4 per cent compared with 1979.

Next year's defence budget will thus be some FFr 1.3bn higher than the amount foreseen in the five-year military programme covering the period 1977-82, voted by the National Assembly three years ago.

President Giscard gave advance notice of his decision to increase military spending in a statement following the traditional July 14 military parade in Paris. The Government had taken this step, he said in spite of the current economic crisis, because the country's defences had still not quite reached a level to ensure security.

27 companies seek Norway oil licences

By Fay Gjester in Oslo

TWENTY-SEVEN oil companies have sought oil-exploration concessions in Norway's fifth licensing round, which covers 36 blocks north of the 62nd parallel. Yesterday was the deadline for applications.

The 36 blocks, put on offer in June, include 30 just above the 71st parallel, off the counties of Troms and Finnmark, and six off the coast of central Norway on the 65th parallel.

Until now, Norway has not allowed drilling north of the 62nd parallel, and the fifth-round blocks are the first to be offered so far north. Earlier this year, the Storting (Parliament) approved government proposals that drilling in these waters could start, on a limited scale, next summer. The first allocations under the round are expected early next year.

The 27 companies which have applied are: Arco, Murphy/Ocanam, Svenska Petroleum/Petroswede, Conoco, Union, Volvo, Superior, Texas Eastern, Amoco, BP, Phillips, Petro-Canada, Norsk Hydro, Hispanoil, Elf-Aquitaine, Chevron, Getty, Fina, Mobil, Saga, Total/Marine, Esso, Deminex, Agip, Gulf, Texaco, and Shell.

E. German industry misses output targets

BY ROGER BOYES IN BONN

EAST GERMANY failed to reach a number of important industrial production targets during the first half of this year, partly because of the effects of the severe winter which hit energy supplies.

The West Berlin-based Deutsche Institut fuer Wirtschaftsforschung said in a report released yesterday that industrial production rose by only about 3 per cent in the first half, well short of the 1979 target of 5.5 per cent. Growth was especially sluggish in the chemical, metallurgical and textile industries and investment was low.

The construction sector—particularly vulnerable to the effects of the winter weather—fell 2 to 3 per cent below the *first half of 1978*, the institute calculated.

It believes that East Germany is unlikely to reach the (albeit extremely ambitious) growth target of 5.5 per cent, especially as the new holiday decrees—giving workers an extra three to six days of holiday—will curtail overall productivity.

There are some indications, however, that special shifts, officially celebrating the 30th anniversary of the East German state, wil be introduced in the second half and that this will have a beneficial effect on production.

The Institute's most surprising conclusion—drawn from the available official figures—is that energy production was only slightly hit by the winter. Despite reports of wide-scale freezing over of open-cast mines, brown coal production apparently fell only by 1.1 per cent in the first quarter compared with the same period last year. Similarly, electricity production actually rose, by 1.3 per cent, and gas output increased by 11.9 per cent.

This suggests that the severe energy shortfalls experienced by East German industry during the winter were the result of breakdown in the distribution network and transport bottlenecks. None the less, it was Herr Klaus Siebold, the Energy Minister, who was eventually fired for the problems in energy *supply*.

The energy production figures should not disguise the fact that East Germany, heavily dependent on supplies of Soviet crude, is facing considerable difficulties in the 1980s. Energy prices are to go up in January to cope with higher crude import costs but, as the institute points out, the main problems are structural.

Much of the country's industrial plant is outdated and wastes energy, transport problems continue to hold up extraction and per capita energy consumption is well above that of most other industrialised countries, including West Germany.

● East Germany yesterday put into effect tough laws barring both its domestic critics and foreign visitors from *sending* or taking anti-state literature to the West, Reuter reports.

The new measures also raise the penalties for political offences and are part of a broad legislative package passed without comment or debate by Parliament on June 28.

UK farm imports facing EEC tax

By Margaret Van Hattem in Brussels

BRITAIN faces the prospect of a European Community tax on farm imports from other EEC countries, should the pound continue to rise.

This follows the EEC Commission's announcement here yesterday that it will not pay monetary compensation amounts (MCAs) on Britain's farm trade next week. This follows the rise of the pound to parity with the so-called "green pound," (the artificial exchange rate used to convert EEC common farm prices into sterling).

The MCAs were required in the past to offset the gap between Britain's overvalued "green" rate and its foreign exchange rate, following the slide in the value of sterling after 1975. This gap was as wide as 40 per cent two years ago, and 28 per cent last January.

The narrowing of the gap since the start of this year was substantially helped by two 5 per cent devaluations of the green pound—one in March under the Labour Government, one under the Conservatives during the annual farm-price fixing in June.

But the biggest impetus has *come from the appreciation* of sterling, particularly since the British budget on June 12.

Should the pound slide back, as it showed signs of doing earlier this week, the MCAs may have to be reintroduced the week after next in their old form, that is, as subsidies on imports into Britain and levies on UK farm exports.

If, however, the pound continues to climb, Britain faces *the prospect of a positive MCA*, meaning a levy on its imports and subsidies on its exports. Since Britain imports far more food than it exports, this could prove a substantial drain on UK resources.

The elimination of MCAs could help the British Government in its fight to cut its net contribution to the EEC budget, in that it removes a major source of controversy between the UK and its EEC partners.

Britain has always held that the MCAs benefit mainly the exporting countries, while others, such as France and West Germany, argued that they were a direct subsidy to the British consumer.

However, the redistribution of MCAs may narrow the gap between net contributors and net recipients, making it harder for Britain to press its case that, as a relatively poor country, it should not be the largest net contributor to the budget.

Since much of the cost of supporting high EEC farm prices will now be borne directly by the UK consumer, *instead of coming out of* the EEC budget, Britain's net contribution will be lower.

On the other hand, Danish exporters, for example, while receiving the same amount for their goods, will receive more of it from the British consumer and less from the EEC budget, making Denmark's budgetary position look, at least on paper, less favourable.

Warsaw crowd applauds call for independence

WARSAW — Some 4,000 demonstrators at the tomb of the Unknown Soldier in central Warsaw applauded on Tuesday night when a dissident speaker urged the nation to struggle for Poland's total independence and sovereignty.

Mr. Wojciech Ziembicki of the dissident movement for the defence of human and civil rights addressed the rally after the demonstrators marched from a solemn Mass at St. John's Roman Catholic cathedral to the tomb in Victory Square.

In an allusion to the Polish-Soviet war of 1920 Mr. Ziembicki said that "some years ago some dirty hands" removed from the tomb a plaque commemorating Polish soldiers killed in 1920. He demanded its return.

The ceremony marked the 35th anniversary of the abortive Warsaw rising against the German occupation.

Reuter.

Botha dismisses Steyn from Namibia post

BY QUENTIN PEEL IN JOHANNESBURG

IN A shock move apparently designed to head off a white backlash in Namibia (South West Africa), Mr. P. W. Botha, the South African Prime Minister, yesterday sacked Judge Marthinus Steyn, his Administrator General in the territory.

Professor Gerrit Viljoen, Rector of the Rand Afrikaans University and chairman of the Afrikaaner Broederbond, the all-powerful secret society of the South African ruling elite, *is to take over the post.*

Them ove came as a surprise in Windhoek, the Namibian

Judge Marthinus Steyn

capital, and to Western diplomats. A new effort to achieve an international settlement in the territory is about to be launched.

Although Judge Steyn's replacement was officially said to be at his own request, there is *no doubt that his increasingly* partisan and idiosyncratic behaviour had become an embarrassment to the South African Government.

He was regarded by all the opposition parties in the territory, and above all by the whites, as totally identified with the cause of the Democratic Turnhalle Alliance, the majority party in the South African-sponsored National Assembly.

The announcement, made by the Prime Minister's office in Pretoria, said that Judge Steyn would return to the bench in the *Orange Free State, and that* Professor Viljoen would take over the job immediately.

It follows weeks of gathering anger in the conservative white community in Namibia, which came to a head when the DTA pushed legislation through the National Assembly which made racial discrimination an offence in places such as hotels and restaurants.

The National Party in the territory, sister of the ruling party in South Africa, has threatened to seek support among conservatives in South Africa, which could in turn seriously undermine Mr. Botha's position in his party which still needs consolidation.

The choice of Professor Viljoen to succeed Judge Steyn is a clear indication of the importance which Mr. Botha attaches to the finding of a solution in Namibia. After the Prime Minister himself, and Dr. Andries Treurnicht, leader of the National Party's Transvaal wing, the Broederbond chairman is probably the third most powerful political figure in the Afrikaner community.

Nevertheless, his appointment may not signal *any significant* change of direction in Namibia, even if it does suggest a change in style.

The South African Government appears committed to its present course in the territory of backing the ethnically-based DTA as a potential government. But Professor Viljoen's job will be to do his utmost to bring the unhappy whites back to the fold, without watering down DTA policy to such an extent that it might lose any credibility it may have among Namibian blacks and in the international community.

It will be a considerable challenge, even to a man of Professor Viljoen's undoubted skills. A classical scholar, he has been a powerful force in steering the Broederbond away from its original fundamentalist beliefs towards a more sophisticated policy.

He believes that some accommodation must be made in the system for urban blacks, but that the fundamental separation of the races in South Africa should remain.

Begin needs to restore Israeli Cabinet unity

BY DAVID LENNON IN TEL AVIV

MR. MENACHEN BEGIN, *Israeli Prime Minister*, leaves hospital tomorrow after two weeks' treatment to a small artery in the brain.

He will immediately be faced with the need to restore some semblance of unity in his Cabinet, whose Ministers are publicly squabbling over a number of domestic and foreign issues.

The Prime Minister will also have to seek ways to recoup his own and his Government's falling popularity, following failure of the Cabinet to agree on a policy to fight the country's galloping inflation.

A public opinion poll published in Ha'aretz yesterday, said the premier's popularity has dropped sharply in the past year. Only 43 per cent said they were satisfied with Mr. Begin as Prime Minister, against 60 per cent in July last year.

Two days ago, a poll in the same newspaper showed the opposition Labour Party with a 10 per cent lead over Mr. Begin's Likud bloc.

The Prime Minister will also have to stop the public fighting between his ministers. Most recently, this involved disagreements over how to fight inflation, and the argument about UN troops in the Sinai buffer zones.

This latter issue has caused tension in Jerusalem's relations with Washington. Israel is also likely to face a tough battle *with the Carter Administration* over possible changes in the U.S. attitude to the Palestine Liberation Organisation.

Israel is adamantly against any concessions to the PLO, but appears to be losing a battle to persuade the Americans of the justice of the position.

Israel is worried by American hints that it will sponsor changes or additions to UN Security Council Resolution 242 with regard to the PLO. Officials in Jerusalem said Israel would not accept any such changes.

Australia strikes harming Fraser Government

BY ANDREW CLARK IN SYDNEY

THE FAILURE of Mr. Malcolm Fraser, Australia's Prime Minister to promote a climate of conciliation in industrial relations is rebounding against his Government.

After two months of constant strikes, marked by increasingly bitter exchanges between Ministers and union officials, Government supporters are openly worried by the drop in public support for the Administration.

This is reflected in opinion polls and last week's elections *in Tasmania, which resulted in* a substantial swing away from Mr. Fraser's Liberal Party.

Compounding a sense of drift in the Government is the recent publication of official statistics indicating that inflation—less than 8 per cent a year ago—is moving towards double figures. Economic recovery, confidently predicted at the beginning of the year, is now more in doubt.

Industrial disputes continue to disrupt the country. A strike by 2,500 mine workers in the Pilbara iron-ore region of Western Australia has entered its tenth week. The strikers meet tomorrow to discuss a return to work.

A national strike by dockworkers, caused by an inter-union dispute, has resulted in chaos on the waterfront. Strikes are continuing in the metal trades industry, disputes are simmering in the power industry in Victoria and Queensland, and railway employees are planning a national stoppage.

The Pilbara strike has damaged Australia's crucial iron-ore exports, and the Broken Hill Company, which has a monopoly on local steel production, is blaming strikes for its inability to accept more overseas orders.

More than 200 small businesses in Sydney are said to have gone bankrupt in the past fortnight because of industrial disputes.

Relations between the Government and the union movement are tense, the most recent public contact between Mr. Fraser and Mr. Bob Hawke, president of the Australian Council of Trade Unions, deteriorated into angry exchanges.

The Prime Minister said shortly before flying to Lusaka that the industrial disruption was "tearing the country apart." Mr. Hawke claims the Government's policies are "ripping the country to

As the wave of strikes began to grow, Mr. Fraser adopted a tougher line towards the unions. The Government proclaimed legislation providing for suspension and dismissal of civil servants involved in industrial disputes.

An unprecedented series of mass meetings of civil servants in the main cities has resulted

THE COMMONWEALTH CONFERENCE

Brooding presence among the guests

THE BIGGEST surprise at the formal opening of the Commonwealth Conference in Lusaka's flag-decked Mulungushi Hall was the list of unexpected official guests. There, sitting 12 ft behind Mrs. Thatcher was Joshua Nkomo, leader of the Zimbabwe African People's Union (ZAPU) wing of the Patriotic Front.

Mr. Robert Mugabe, leader of the Front's Zimbabwe African National Union (ZANU) wing, was not present, but ZANU was well represented by Mr. Mugabe's wife Sally, and by the party secretary-general, Mr. Edgar Tekere.

Mrs. Thatcher did not seem aware of the large, brooding presence of Mr. Nkomo, who, ironically, was seated almost directly beneath a Union Jack. A rather nervous self-conscious air pervaded the hall. Everyone was all too well aware

The FT team in Lusaka: DAVID PALMER MARTIN DICKSON MARK WEBSTER

of the possibility of major confrontation, and determined to be on their best behaviour.

True, Mrs. Thatcher made a veiled attack on Nigeria's nationalisation of BP, but it was so veiled that the Nigerian Foreign Minister did not seem to register it, since he joined in the applause when she sat down.

Lord Carrington's "strong representations" to Maj-Gen. Adefope, Nigeria's Foreign Minister, over the BP nationalisation, were an extremely public affair. They took place at the traditional cocktail party given by Mr. Sonny Ramphal, Commonwealth Secretary-General.

As soon as the Nigerian group arrived, in traditional national costumes of flowing robes and headdress, Lord Carrington and two British officials marched over, and took to one side Gen. Adefope, and his High Commissioner to Zambia.

For 10 minutes, Lord Carrington delivered himself of an "earful." He never once smiled. The tone and language of the conversation were written all over his face. So was Gen. Adefope's reaction—it was impassive.

* * *

IMAGINE you are Mrs. Thatcher after a 10-hour flight from London filled with stories of the hostile reception you will receive on your arrival, on your first trip to Zambia.

Imagine standing at the top of a gangway, staring out into the blinding lights of TV.

Imagine reaching the bottom of the steps to be enveloped in a surging, pushing crowd, all screaming and shouting, with only your own security men to protect you. Imagine then a 200-yard walk, conscious only of shouting voices all around.

That was the Prime Minister's arrival on Monday night. There was no visible airport security. Journalists and TV crews just walked onto the tarmac.

Somehow, the small Zambian reception committee guided the Prime Minister and her husband into a "hospitality suite" where Zambian journalists and TV were waiting. None of her officials got through. Nor did any British journalist or TV man.

But we are reliably informed that, following this national hijack, Mrs. T met all questions with a well-practised non-commital. In fairness, this was a rare lapse in Zambian security.

* * *

In the midst of the pomp and ceremony surrounding the conference, Lusaka residents are preoccupied by apples. For the first time in many years, the fruit is available (imported from South Africa), though shortages of cooking oil, soap and bread continue. Kapelwa Musonda, the satirical columnist of the Times of Zambia this week offered readers his explanation. The ruling United National Independence Party (UNIP) has come up with an unusual way of marking the months events: "In future, when people think of an apple they will remember that the last time they ate one, or the first time, is when we had the Commonwealth Conference and the Queen's visit."

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Moslem party threat to boycott Iran elections

BY ANDREW WHITLEY IN TEHRAN

IN A new threat to tomorrow's national elections to a constituent assembly, Iran's second largest party, the Moslem People's Republican Party (MPRP), has threatened to boycott the polls if they are not postponed for at least three weeks.

The move coincided with a strong appeal to the nation from Ayatollah Khomeini for a large turnout. "This will be considered a part of worship during the holy month of Ramadan," the country's unofficial head of state said.

Restating his determination to ensure that the constitution is truly Islamic, Ayatollah Khomeini said it was necessary for every man and woman to go to the ballot boxes with the same enthusiasm as he said had been shown in the referendum to abolish the monarchy, when officially more than 90 per cent of the electorate voted.

Those to be elected to the assembly had to be "experts in Islam, united, honest . . . and shunners of affiliation to left or right. In every electoral ward the clergy must invite the nation to elect them," he urged.

The Moslem People's Republican Party, which backs the moderate religious leader Ayatollah Shariat-Madari and claims to have the support of more than 8m Iranians, argued in a letter to the Ministry of the Interior that present conditions would not permit free and fair elections.

Last night the party was due to make a final decision on its stance. Withdrawal would cast grave doubt on the credibility of the assembly to be set up, but would probably make little difference to its composition.

Electioneering on radio and television and through the Press, is at last under way. The level of popular interest remains low and a number of cases of intimidation of Khomeini opponents have been reported.

Many candidates have expressed concern at the domination of the proceedings by the Islamic Republican Party, the biggest political organisation and made up of ardent Khomeini supporters known for their strong-arm tactics.

Prominent Liberals such as Mr. Hassan Nazih, the oil chief, and Mr. Ali Asghar Haj Seyyed Javadi, a distinguished writer, have also threatened to withdraw their candidatures if members of the ruling Revolutionary Council are allowed to stand.

But with only 24 hours to go there are no signs of the Government being swayed either by this threat or by that of the Shariat-Madari Party.

Earlier this week Ayatollah Shariat-Madari and Mr. Hassan Nazih, an outspoken critic of the regime, said they would have preferred the former constitution in force under the Pahlavi Dynasty to have been retained, with suitable amendments.

Well informed Iranians now feel that the present draft document may be made substantially more Islamic in character during assembly sessions.

To overcome the problem of the high proportion of illiterates likely to be participating in a complicated preferential vote, the Government has announced that illiterate voters can bring along friends to assist them.

In any case a final list of some 69 successful Moslem candidates is regarded here as virtually a foregone conclusion, given the prominent role the Mosque is playing. As one leading academic said yesterday: "They'll probably be told who to vote for when they go to the Mosque for their evening prayers."

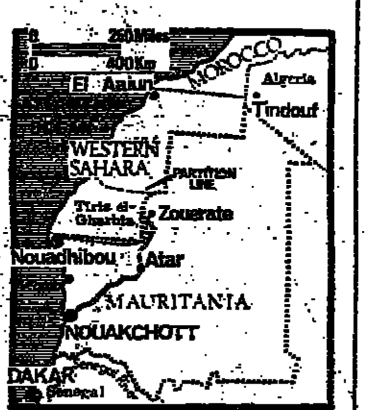
Mauritania pulls out of 'crippling' Saharan war

BY OUR FOREIGN STAFF

MAURITANIA HAS decided to withdraw from the war against Algerian-backed guerrillas over Western Sahara and to give up the part of the North-West African territory it took over in 1976.

Lt-Col Mohammed Haidalla, the Mauritanian Prime Minister and strongman, announced final capitulation from a struggle that has proved militarily and economically crippling and has caused serious internal political problems for his country.

Col. Haidalla said Mauritania had "chosen definitely to withdraw from the Sahara war which we consider fratricidal and unjust. Mauritania has no territorial ambitions in the Western Sahara," he said.



He added that Mauritania's administration of the Tiris el Gharbia, its portion of the former Spanish colony, was provisional and was only there until the local population could determine its own future.

In fact Mauritania does not have effective control over the Tiris el Gharbia. Apart from a number of garrison towns the territory is largely under the control of Polisario, the guerrilla group which is backed by Algeria.

It remains to be seen whether Morocco, which divided up Western Sahara with Mauritania in 1976 and which still has several thousand troops in Mauritania and the Tiris el Gharbia, will try to consolidate its hold on the territory. Alternatively Polisario might attempt to establish there the government of the Saharan Arab Democratic Republic, which was proclaimed in 1976 and has been in exile in Algeria.

A number of countries have already reorganised the SADR and if it obtains an independent territorial base it may achieve wider acceptance.

The Mauritanian capitulation is a blow to Morocco, but one which has been increasingly likely ever since the country's long-standing leader, President Ould Dada, was deposed in a coup just over a year ago as a result of opposition to the war.

King Hassan of Morocco has vowed to continue fighting, claiming that the Western Sahara is Morocco's by historical right.

Morocco suffered a severe diplomatic setback at the African summit in Monrovia last month when a resolution calling for a ceasefire in the Western Sahara and the organisation of a referendum to consult the population was adopted by a majority of two-thirds of the participants.

Charan Singh will seek vote of confidence

BY K. K. SHARMA IN NEW DELHI

A VOTE of confidence in Mr. Charan Singh's new Indian coalition Government is to be sought in the Lok Sabha (lower house of parliament) on August 27. Until then Mr. Charan Singh will have an unstable and uneasy existence as leader.

Present signs are that the coalition is in a minority, and unless the Prime Minister can attract more support, then he will fall.

Persuasion of the 100 or so uncommitted members of parliament by the Government and the Janata opposition is in progress.

If Mr. Charan Singh fails to attract a minimum of 70 more members to his side, the Government will fall. This is because Mrs. Indira Gandhi has withdrawn her support for Mr. Charan Singh and with it the 72 members of her Congress Party.

Should Mr. Charan Singh fail to survive, constitutional experts say that the President, Mr. Reddy, will call upon Mr. Jagjivan Ram, leader of the (Janata) Opposition, to form a Government, despite the fact that the Janata is also in a minority.

Many feel that a mid-term election is unavoidable. The present manoeuvring for position would appear to be a prelude to the election that almost every party does not want but feels is unavoidable. But there is no certainty about the timing.

The Election Commission has let it be known that it will take up to six months to make preparations for the poll since this involves the revision of electoral rolls and the setting up booths for an electorate of more than 400m. Each Parliamentary Election has more than 5,000 contestants for the 542 seats in the Lok Sabha.

Though the process could be speeded an election cannot be held before the end of the year. It is expected to be delayed further if competing parties are given opportunity to form a Government should Mr. Charan Singh and Mr. Jagjivan Ram fail.

The President is already known to be thinking of setting up a National Government if political instability remains. This would be formed by non-controversial people of national stature, although finding a sufficient number would be a problem.

Many fear that an early election will not solve anything since no party will emerge with an absolute majority. In that event, the present horse-trading will continue, possibly to the advantage of Mrs. Indira Gandhi, who is fast emerging as focal point of potential power again.

Concern is mounting over Pakistan's economic problems. **Simon Henderson** reports from Islamabad

Growing shadow over General Zia's future

THE PRESIDENT of Pakistan, General Zia-ul Haq, has failed so far to find a solution to the problems of handing over power to a civilian government and of managing the economy, a failure that casts a growing shadow over his future.

Elections are due to be held in November and could give at least a narrow victory to the Pakistan People's Party (PPP), formerly led by Mr. Zulfikar Ali Bhutto, who was overthrown by General Zia in July 1977.

General Zia, as orchestrator of the campaign against Mr. Bhutto which led to his hanging for a political murder last April, would most likely be the first target of reprisal for a PPP-led Government.

It is doubtful whether his fellow generals would permit acts of revenge, even though General Zia himself has said that he would be quite prepared to stand trial. The least fate of some of the generals who have worked closely with Zia's martial law regime would be forced retirement, while for others it could be imprisonment.

The general is thus unlikely to carry through his objective of the re-establishment of the rule of law and the creation of conditions for the restoration of democracy. The plethora of anti-Bhutto political parties would be unlikely to stand for a restoration of PPP rule. To many Pakistanis, including notably the bureaucracy, a continuation of military rule may seem preferable.

For General Zia, however, the mantle might be too much to bear. Observers say he looks drained from the exertions of running the country. For the other generals who would have to rule if the military regime continues, it would probably be more convenient politically if Zia stepped aside.

General Zia is preparing the ground to push through several constitutional amendments which would allow for a measure of civil rule while the army stayed close to the centre of power.

Proportional representation, suggested last week, would probably result in a weak coalition government demanding a strong President. A former chief justice is working on a formula which would permit the army to intervene constitutionally whenever the President felt the Prime Minister was exceeding his authority.

But neither move removes the danger of a Peoples Party victory. Under the leadership of Begum Nusrat Bhutto, the former Premier's wife, and his daughter, Benazir, the party can still pick up many working class and peasant votes.

Another consideration is that in its two years of office the military regime has attempted to revive Pakistan's economy and to create stability after years of a high-handed Bhutto administration which deeply polarised Pakistani society. But the political parties seem woefully unprepared to continue these efforts. None of the contestants has powerful policies or more than a few good candidates.

General Zia-ul Haq

The former anti-Bhutto Pakistan National Alliance has been split for more than a year, and in addition some of its parties are tarnished by the holding of office in one of Zia's Cabinets, where allegations of corruption were made against them.

The PPP can win votes by playing on the legacy of Mr. Bhutto although according to some officials, this sympathy is not as great now as it was at the time of the execution.

Zia probably knows even better than the political parties that whoever gains power will face an immediate crisis. Decisions must be taken about the economy which will mean hardship and disappointment for many. Pakistan is living beyond its means, with growth slowing and debts increasing.

Foreign cash reserves stand at just $400m, remittances from Pakistanis working in the Gulf and in Britain have reached a plateau at $1.3bn a year, while debt service payments are pressing and western countries are refusing to reschedule when no remedial domestic policy is in sight.

The men who will be with Zia in the "smoke-filled rooms" when the next stage of Pakistan's government is planned are the other Service chiefs and the six lieutenant generals who command the various corps around the country and, in the case of four, are the provincial governors.

Observers in Islamabad say that if there is to be a continuation of military rule it will be from this group that the new leader will come. This is the Pakistani tradition.

Other observers say none of this group wants to stay on in power or close to it. But the arguments for stability, particularly by the senior civil servants who have identified themselves closely with the regime, might be unbeatable. Zia has got away, at least in the short term, with hanging Mr. Bhutto and with postponing elections initially promised for October 1977. It might be tempting to think that with a few cosmetic changes, it would be possible to delay elections again.

The present regime is in the middle of several sensitive policies which it is unlikely to trust to the hands of novice politicians.

The tribal rebellion in Afghanistan could easily lead to open conflict between Pakistan and the pro-Soviet Taraki regime in Kabul, with the added danger of Moscow turning its attentions on Islamabad as well.

Also, the plans to build a nuclear bomb are, according to western analysts, continuing apace. This operation has always come under the aegis of the Pakistan Army.

The dangers of not holding elections are twofold. Protest in the streets can be controlled by police action and the arrest of party leaders, but the organisation of the political parties is probably not enough for protest to be able to continue while the leaders are in prison.

The greater danger is Pakistan's weak federalism. "It would be suicide for Zia not to hold elections, it would mean the break-up of Pakistan" is the view of a man close to the general.

David Buchan follows the President to Bardstown, Kentucky on a foray to 'break down the barriers'

Carter's crusade for coal

A WHITE-HAIRED lady comes up to the rostrum in the steamy, packed Bardstown high school hall in central Kentucky, gets a welcoming kiss from President Carter, and steps to the microphone to ask for help in getting the telephone service extended in nearby Bullitt County. Mr. Carter then promises to bring the full weight of Presidential authority to bear on the problem the very next day. His audience of 2,000 local citizens love it.

It may not be high policy, but for Mr. Carter it is smart politicking. The President's "town meeting" in Bardstown on Tuesday—the first of a series of "break down the barriers" forays he plans to make around the country in coming weeks—must be judged a success, in its own small terms. His goal is to bridge the chasm between the American people and the Government in Washington.

It is almost as though Mr. Carter has posed the problem precisely because its solution—small, shirtsleeved local meetings—best suits his homely style. It certainly appears to serve the purposes of Mr. Carter both as the future Presidential candidate, and as the incumbent who has nowhere to go in the opinion polls, but up.

As he headed out to Kentucky, a new ABC-Harris Poll showed he standing in the country to be just as low as it was before his new energy measures and Cabinet shake-up.

Last month only a quarter of those surveyed in this sample approved his handling of the Presidency. At the same time, however, no one at Bardstown was interested enough in the Cabinet changes to question him on them. This at least seemed to bear out the White House contention that the personality changes that made such waves in Washington scarcely caused a ripple west of the Potomac.

But the President had no intention of letting Kentuckians forget his other big national announcement, that concerning energy.

Kentucky is the country's largest producer of coal, and he told Bardstown he wanted this more of it in the future, describing the U.S. as the Saudi Arabia of coal. Mr. Carter said, to loud applause, "I would rather burn a ton of Kentucky coal than see our nation become dependent by buying another barrel of OPEC oil."

The Administration's new emphasis on raising coal production and on finding new uses for it has pleased Kentuckians; so has Mr. Carter's decision to remove Mr. Joseph Califano, the former Secretary of Health, who waged war on smoking. This was about the only Cabinet change that registered in Kentucky, the second biggest grower of tobacco in the country.

The President, quick and self-confident in this company, deftly warded off some worries about effects of his pro-coal drive. He had pointedly taken a tour earlier in the day around a Louisville coal power plant that had been one of the first to instal "scrubbers" to remove sulphur from its fumes. He also promised there would be no weakening of Federal restrictions on open-cast mining, extensive in western Kentucky.

Fuel-saving is not a part of energy policy that brings American audiences cheering to their feet. Bardstown people are typical in that many need fuel to make the 80-mile daily round trip to work in Louisville.

But Mr. Carter, while saying there was no case yet for implementing petrol rationing, stressed the need for conserving fuel, something that has almost dropped out of sight in recent Presidential pronouncements. He is being pushed by a growing awareness that conservation is one of the very few steps with an immediate impact on U.S. energy use, and by the fact that Senator Edward Kennedy has made it a main plank of his alternative energy plan.

No Carter speech these days is complete without a strident appeal to ordinary citizens to help him defeat Big Oil's attempt to neutralise a windfall profits tax measure now before the Senate. His homily in Bardstown was no exception.

Certainly, Mr. Carter has cast the tax as the only means to pay for his $142bn energy programme for the 1980s. But it is hard also to resist a feeling that in this issue Mr. Carter thinks he has the makings of a popular alliance — between President and people—that will keep him in the White House beyond 1980. "With your help, we can win," he tells his audiences, and he is not talking only of the oil tax.

As the numerous placards on Tuesday proclaimed, "Bardstown is Carter Country." The President knew he was assured of a good reception there: the surrounding Nelson County went 62.6 per cent for him in 1976 against Gerald Ford, and Kentucky is generally a strong Democratic state.

But the President is likely to be warmly received also in Iowa, Florida, Maine and other places he intends to hold local meetings soon. If Bardstown is typical, he can expect to be bowled pretty easy questions, while the few tough ones can be fended off in a way that would not satisfy the Washington Press corps, from whom the President is now deliberately seeking a respite.

A quick cast around Bardstown showed that even those citizens who did not vote for Mr. Carter in 1976 and probably don't intend to do so next time, were still immensely flattered that the President of the United States of America had chosen to visit their community of 7,500.

But respect for the office is never quite separated from the man holding it. There is, thus, a danger that in breaking out of Washington and the closed circle of his advisers, Mr. Carter, may still draw the wrong conclusions from these folksy gatherings about his national standing.

President Carter greets the crowds from the roof of his limousine.

House wrangles over standby rationing

BY OUR WASHINGTON CORRESPONDENT

THE U.S. HOUSE of Representatives was yesterday still wrangling over the final shape of a standby petrol rationing plan, basically approved on Tuesday night. An emergency rationing scheme has been a central plank of President Carter's energy programme to show the world that the U.S. is serious about saving energy.

Conflicting political pressures have pushed the House back and forth on energy issues, rendering it resistant to party leadership on either side. Thus, the House eventually passed an amendment to allow the President to impose rationing if petrol supplies dropped 20 per cent below normal over a 30-day period.

But at the same time, it approved a weakening of the one conservation measure that has already passed Congress. Businesses, according to the new amendment, would not have to raise summer temperatures in commercial buildings, or lower them in winter, if they could show they had made energy savings in other ways.

The Energy Department, which considers petrol supplies adequate at present, is now turning its attention to the need to build up home heating fuel stocks for the coming winter. The Department is issuing new instructions to oil companies to boost heating oil production.

President Carter, in a New York Times interview yesterday made it clear that he intended to hold the line on public spending and would not be rushed into proposing a federal tax cut

Canadian parties angry over oil supplies

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN opposition parties say they will introduce motions of no confidence in Prime Minister Joe Clark's minority Conservative Government early in the new Parliament, set to meet on October 9.

The Liberals and the New Democratic Party are angry over the Tories' treatment of Petro-Canada.

Petro-Canada, the government oil agency was set up by the Liberals at the urging of the NDP but without the support of the Conservatives

With 136 seats, the Tories are six short of an absolute majority in the 282-member House. If a no-confidence vote went along party lines, the Conservatives would require the votes of all six Social Credit MPs to avoid defeat.

The energy spokesman for the Liberals and the NDP yesterday separately voiced concern over the Imperial Oil Company sending a delegation to Mexico to discuss oil supply contracts. Mr. Marc Lalonde, chairman of the Energy Policy Committee of the Liberal caucus, said that Imperial Oil has mounted a strong lobby in Ottawa against Petro-Canada.

Bosworth replaced at wages council

BY JOHN WYLES IN NEW YORK

PRESIDENT CARTER's nomination of Mr. R. Robert Russell as director of the Council on Wage and Price Stability, in succession to Mr. Barry Bosworth, is expected to ensure continuity in an organisation which tends to act as the White House's conscience on inflation.

The council's role has been greatly expanded by the adoption last October of pay and price restraint guidelines and the appointment of Mr. Alfred Kahn as its chairman. Since it was given responsibility for administering the guidelines, the council's staff has grown from 39 to 233, mostly professional economists, lawyers and accountants, and its annual budget increased to $8¼m.

Mr. Russell, aged 41, was appointed Deputy Director of the council a year ago, on leave of absence from the University of California where he was a professor of economics. His relations with Mr. Kahn, the President's inflation adviser, are said to be much closer than were Mr. Bosworth's.

In his two years as director, Mr. Bosworth established a reputation as an extremely bright economist and administrator who enjoyed lecturing business, labour and the administration on the dangers of inflation. He and Mr. Russell

● President Carter's nominees to the country's two key economic posts have successfully cleared part of the Senate confirmation process. The Senate Banking Committee yesterday voted unanimously to recommend confirmation of Mr. Paul Volcker as chairman of the Federal Reserve Board.

Similarly the Senate Finance Committee unanimously voted its approval of Mr. William Miller as Treasury Secretary. Both recommendations are expected to be endorsed by the full Senate.

Optimism in Turkey over currency relaxation

By Metin Munir

TRACES OF optimism are becoming apparent among the Turkish businessmen following the announcement that foreign exchange transfers by the Central Bank, frozen since the beginning of 1977, are to be reactivated today.

The transfer programme is so modest as to be symbolic: a total of $195m (£86m) will be transferred over the next two months (aside from oil, military procurement and essentials), under a programme announced by the Central Bank Governor, Mr. Ismail Hakki Aydinoglu.

Import orders awaiting foreign currency transfers at the Central Bank amount to over $3bn, according to the Istanbul-based Turkish industrialists' and businessmen's association.

But indisputably, however small, the reactivation of the transfers represents a breakthrough for the 19-month-old government of Prime Minister Bulent Ecevit.

With the funds at its disposal limited, the Central Bank has drawn up a list of priorities and completely banned the import of other items. Transfers will be made for imports for which letters of credit have been opened and effected, strictly according to priority. The priority list includes petrochemicals, iron and steel products, chemicals and spare parts.

The intention clearly is to boost local industrial manufacture which was badly hurt by the foreign currency famine.

The import of about 50 items have been banned. These include a variety of items such as tyres, outboard engines, tractors, electricity generators, batteries, and video sets.

A special allocation of $10m has been made for the import requirements of the private sector. Up to $50,000 of transfers will be effected for import orders through letters of credit on a first-come first served basis.

Insignificant for the import While $10m may appear insignificant for the import demands of private business, this comes in addition to a system of allocations from which industrialists can benefit.

Under this, industrialists can use nearly 100 per cent of their earnings from export proceeds to make imports for their private needs.

However, like Turkish businessmen, foreign bankers here are sceptical about how the new transfers will be made and, more important, how long they will continue.

Higher quotas sought for UK scrap metal

By John Lloyd

BRITAIN'S scrap merchants are pressing the Government to increase quotas on exports of high grade scrap from the UK, and believe they may be successful.

Dealers are concerned that they are losing orders to other European countries, where export restraints are less severe.

The British Scrap Federation said yesterday that because of the strength of the pound U.S. scrap was selling at around £8 a tonne cheaper in Spain, the UK's largest market.

Exports this year are running at annual rate of 1.35m tonnes, 15 per cent down on last year's record levels.

However, the federation reports that the industry has experienced "fairly steady demand" in the first half of this year, with consumption in the second quarter rising to 3.2m tonnes from 2.9m tonnes in the first quarter.

Japan takes larger share of W. German car market

BY ROGER BOYES IN BONN

JAPANESE CARS are taking an increase share of the highly competitive German market, according to the latest statistics on new car registrations in the first half of 1979. Japanese models now rank second only to the French as the most sought after foreign cars in West Germany.

Japanese cars, led by Toyota, accounted for 4.9 per cent of overall new car registrations in Germany, according to the Federal Transport Office statistics. France easily leads the foreign field with a 10.4 per cent share. Renault took 5 per cent of this slice, due mainly to the high sales of the R4 model.

Japan has now edged up from a 3.6 per cent share in 1978 and, according to the German-Japanese Economic Bureau, is aiming this year for a 5 per cent share of new registrations.

During the past year, Japan has overtaken Italian manufacturers whose share has dropped slightly from 4.6 per cent in January-June 1978 to 4.5 per cent in the first half of 1979.

The most popular Japanese cars in Germany are Toyota (1.2 per cent total market share), followed by Nissan Datsun (1.1 per cent), and Toyo Kogyo-Mazda (1 per cent).

The turnaround on the market has been partly the result of an intensified bid by Japanese manufacturers to establish themselves in Germany: investment has been stepped up and there has been a shift from regionalised distribution and service networks to more centralised and efficient operations.

Toyota, for example, has invested DM 30m (£7.2m) in a new Cologne base — which incorporates a national spare parts depot, an administration centre and a training school.

West German manufacturers continue to dominate the market, led by Volkswagen, which, with Audi-NSU models, accounts for 31.6 per cent of all new registrations. Opel was in second position with an 18.5 per cent share.

Foreign manufacturers' share of new registrations has remained at the 24 per cent mark over the past year, and apart from the rapid surge of the Japanese, there have been few major shifts in market position. Britain has marginally increased its share from 0.5 per cent in the first six months of 1978 to 0.6 per cent in the first half this year.

Opportunity opens for Vauxhall

BY LISA WOOD

NEW MARKETS will open to Vauxhall Motors with the setting up by its parent company, General Motors, of its own wholesaling and retailing operation in West Germany.

The new marketing organisation—to be called GM Trucks—will be opened later this year as a division of General Motors Deutschland for the distribution in West Germany of a variety of commercial vehicles. Vehicles sold by the office, set up in conjunction with Vauxhall Motors, the GM subsidiary, will include GM trucks imported from the U.S. and Bedford trucks, imported from Vauxhall.

GM, which previously only marketed GM cars in West Germany, said it planned to sell 500 trucks in the first year of operation and raise sales to more than 5,000 a year by the end of the 1980s.

Vauxhall Motors said this was the first step in a phased development plan aimed at strengthening GM commercial vehicles as a significant force in the European market.

Adam Opel, a GM subsidiary, will continue to distribute the light Bedford CE commercial range, known in West Germany as Bedford Blitz.

● Fiat Auto, which incorporates Fiat and Lancia, also announced new marketing plans to set up a single company to represent both makes in the UK market.

Alitalia 'may buy Boeing 747s'

BY PAUL BETTS IN ROME

ALITALIA, which has now waited more than two months for Italian Government permission to replace its six McDonnell Douglas DC-10 airliners, declined to comment yesterday on reports that it will buy five Boeing 747s.

The reports published here claimed the 747s would replace Alitalia's earlier plans to buy DC-10-30 aircraft.

The Italian airline announced in June it had suspended its planned purchase of the six DC-10s following the Chicago air disaster, and Sig. Umberto Nordio, Alitalia chairman, said he was in no position to say whether Alitalia would eventually go through with the $350m (£155m) deal with McDonnell Douglas.

Alitalia signed an initial contract with McDonnell Douglas in May to increase its DC-10 passenger and cargo fleet to 14 aircraft.

An Alitalia spokesman said yesterday the airline was still waiting for Government approval. At the same time, Alitalia is understood to be considering eventual alternative deals in view of the Government delays in approving the DC-10 purchase.

The Italian company is anxious to complete its current investment programme for the expansion of its passenger and cargo fleet.

China sets up new trade agencies

BY COLINA MACDOUGALL

IN A MOVE apparently designed to encourage trade, China has established two new commissions to regulate foreign investment and supervise importing and exporting. Vice-Premier Gu Mu, previously Minister in charge of the State Capital Construction Commission, has been appointed to head them.

The purpose of the new commissions, the New China News Agency said, was to ensure control over foreign investment and to strengthen the management of trade and the introduction of advanced foreign technology.

While the agency gave no further details of the new organisations, they are presumably intended to streamline the machinery for setting up joint ventures, for which China has recently announced new legislation, and to run China's complex trading system more effectively.

China's existing trade bodies were not designed to handle the current rapid expansion of commerce with the West. The new commissions, which will probably operate immediately below a State Council (Cabinet) level, may have the power to speed up decision-making. Vice-Premier Gu Mu is a highly experienced economic administrator.

Crude oil price raised

BY RICHARD HANSON IN TOKYO

CHINA HAS set the price of its Daqing (Taching) crude oil being exported to Japan during the July-September quarter at $21.80 per barrel, or 28.5 per cent above the $16.96 price agreed in mid-April for the previous quarter.

According to the two Japanese organisations importing Chinese crude, International Oil Trading Company and The Federation of Chinese Petroleum Importers, Japan will import a total of about 7m tonnes this year, or 3 per cent of Japan's total oil imports.

The latest increase makes the Chinese oil slightly more expensive than the Minas crude oil Japan buys from Indonesia which is similar in quality.

Koerting UK changes hands

BY FRANK GRAY

THE SALES and marketing in Britain of television, stereophonic record player and other electronic products from Koerting, of West Germany, will now be undertaken by Wholesale Supply, the distribution company based in Stoke on Trent.

Wholesale Supply announced yesterday that it had completed acquisition of Europa Electronics from Mr. Albert Pearson, who was retiring after 49 years in the electronics business in Britain.

The company said it would retain the Europa sales and marketing umbrella for the West German-made electronics products company. Europa would continue to operate as a subsidiary company among Wholesale Supply's other holdings, the core of which is Allied Electronics Distributors, which it acquired from the Phillips group a year ago.

Koerting said that its overall turnover plan for 1979 was £50m, of which £30m was expected to come from export sales. The UK target for its "up market" products was about £1m for the year, or about 1 per cent of the domestic market.

A senior company official said that the UK sales figure was showing signs of healthy recovery following a period of difficulty in recent years, due largely to the high value of the West German mark.

Another element was Koerting's own reorganisation following its takeover by Corenje, the Yugoslavian household appliances manufacturer, which acquired the West German company's assets in a surprise takeover last year.

A mouthful of new names to help the U.S. oil-saving drive

BY DAVID LASCELLES IN NEW YORK

AS THE U.S. tries to digest President Jimmy Carter's bulky array of energy measures, a couple of them have already stuck in some people's throats, and not just because their names make a good mouthful. They are the Energy Security Corporation and the Energy Mobilisation Board.

THE OIL SHORTAGE

The first, known as ESC, will be a gigantic public corporation with about $88bn to spend on the development of alternative sources of fuel such as coal, liquefaction, peat, oil shale, and natural gas which lies in unusual geological formations and is hard to extract. Its target will be to replace 2.5m barrels of imported oil by 1990, equivalent to about one-eighth of current consumption.

But to prevent the ESC turning into just another bureaucratic dinosaur, Mr. Carter says he wants it to be independent of all Government agencies, and beyond the purview of the executive branch. This, he hopes, will make it business- rather than Government-oriented. The ESC's job will also be to promote competition in the energy business, so it will work with the smaller rather than the major energy companies.

But the ESC's role will also be limited. It will be restricted to financing development of production capacity—research will continue to be done by industry and the scientific community—and it will only be able to provide finance by means of loans and grants. It will not have the authority to participate in joint ventures or other forms of equity ownership.

Significantly, Mr. Carter specifically barred the ESC from dabbling in nuclear and solar power. Nuclear power is still too much of a political hot potato to be given vast sums of public money. Solar power is to be handled by a special "solar bank" of funds to help householders to convert their homes at subsidised costs.

The biggest criticism which people have of the ESC is that it marks further massive government interference in the marketplace. Although the restrictions Mr. Carter has placed on the ESC suggest he does not want it to take over a large chunk of industry's work in energy development, the corporation will still be the largest single entity in the energy business.

Average outlays over its 10-year life to 1990 will be $8.8bn a year, which compares with the $5bn spent last year by Exxon, the largest U.S. energy company.

Many industrialists feel this will distort the market and prevent the U.S. adjusting to real energy costs. They also resent the implication that they are incapable of, or not interested in, developing fuels to replace oil. Other critics have pointed out that, despite Mr. Carter's claims as to the ESC's independence, the seven-man board will consist of four presidential nominees (confirmed by the Senate) and the Secretaries of the Treasury, the Energy Department and the Interior Department.

However, it is an inescapable fact that the cost of developing alternative fuels has always kept ahead of the price of oil. So there is a case for by-passing fuel economics, particularly if it is judged that the high dependence by the U.S. on oil imports (now 45 per cent of total consumption) poses a threat to national security.

But if the ESC has aroused strong feelings, the energy mobilisation board (EMB) has become a rallying cry for some powerful lobbies too.

The EMB's job will be to cut through the red tape of regulations and bureaucracy to speed completion of energy projects which are deemed crucial to meet the 1990 oil-saving targets.

Having designated these projects, the board will have the power to fix deadlines for decision-making and to take the decisions itself if necessary.

It will also be able to waive a wide range of Federal, State and local laws to get measures through. Should its actions be challenged, the courts will review its decisions "on an expedited basis," but the only person who can veto an EMB decision will be the President.

The aim of the EMB is to cut through the mass of environmental, regulatory and other laws which have held up important projects in the past, and even in some cases led to their abandonment. A typical example was the recent decision by Standard Oil of Ohio, the BP subsidiary, to drop its planned pipeline from California to Texas because of long delays and attendant searing costs.

The EMB has already won the approval of several members of Congress, who have tabled aptly-named "fast track" Bills to get it established, or to provide for presidential waivers.

But the very boldness of the EMB idea has predictably triggered a sharp reaction from environmentalists, who see it undermining legislation it took years of vigorous lobbying to get on to the Statute Books. Typical comments are that if the EMB was established there would be nothing to stop the construction of a power station in the Grand Canyon.

Others are concerned that standards on safety, building and siting will be by-passed, encouraging an arrogant attitude in the EMB and those riding on its coat-tails.

Industry, on the other hand, is quietly delighted with the proposal since it should clear many of the obstacles it has been complaining about for years. It would also cut costs by speeding construction and doing away with what many industrialists consider to be unnecessary and petty regulation. Their only regret is that Mr. Carter is trying to circumvent regulations when he could have abolished them altogether.

However, few company chairmen have yet felt bold enough to come out in full support of the plan for fear of what could be a powerful popular reaction.

The fate of the ESC and the EMB hinges on Congress, which would have to approve Mr. Carter's proposals. In the past, Congress has been hostile towards gigantic energy projects, and it may view the ESC in this light. Similarly, despite the fast-track Bills, it could interpret the EMB as an affront to the environmental and other Bills which it has approved in recent years. Furthermore, the $88bn for the ESC would have to come from the proceeds of the windfall profits tax, and this has yet to go through.

On the other hand, there are signs that Congress is becoming more concerned about the energy crisis and it has already considered several proposals to boost production of synthetic fuels. Mr. Carter could, therefore, get his EMB and ESC in some shape or form.

NEW GOVERNMENT AGENCIES TO BACK UP PRESIDENT CARTER'S ENERGY PROGRAMME

Energy Security Corporation	Financing of production capacity for alternative sources of fuel—but not nuclear or solar energy. Promotion of competition in energy sector.	Budget of $88bn. Independence from other government agencies.
Energy Mobilisation Board	Cutting of red tape to speed up energy projects which are deemed crucial to meeting energy-saving targets.	Will fix deadlines for decisions on crucial energy projects. Can waive wide range of federal, state and local laws to get measures through.

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Turbine generator contracts divided

BY JOHN LLOYD

DIFFERENCES BETWEEN the Central Electricity Generating Board and the South of Scotland Electricity Board have led to design contracts for two pairs of turbine generators being split between Northern Engineering Industries and the General Electric Company (GEC).

GEC has won the design contract to supply two four-flow 660 megawatt turbines to the SSEB's advanced gas-cooled reactor station at Torness. NEI has the design contract for two six-flow 660 MW turbine generators which will go to the AGR station being built by the CEGB at Heysham. Manufacturing contracts, worth around £150m, are expected to follow.

The CEGB had been anxious to standardise the design of the AGR turbines to achieve economies of scale and greater efficiency. It believes that the six-flow system, while more expensive initially, offers savings in running costs which more than compensate for the higher capital costs.

But the SSEB said yesterday its engineers were satisfied that the GEC four-flow machine was both cheaper and better suited for the Scots system. It is understood that the four-flow machine is between ten and 15 per cent cheaper than the six-flow.

GEC said yesterday that the Torness order "will continue to give overseas customers confidence in the GEC design and thus assist continuing efforts in the export market." The company says that it has supplied 7,300 MW of generators worth £380m to export markets, 90 per cent of all turbine generator exports.

Concluded

It believes that overseas customers do not regard the six-flow system as economically attractive, and says that the savings on running costs are "marginal." It has been anxious to have the four-flow system adopted in future UK orders.

A Central Policy Review Staff study of the two systems, set up late last year, has reportedly concluded that any choice between the systems should be a matter for the boards.

While the two boards are divided over the choice of system, they will be involved in the approval of designs submitted by both manufacturers and the resulting turbine hall layouts. The CEGB said that this would mean that "either board can for future AGR stations use either turbine with its associated standard layout."

Both boards have also agreed that the placing of the manufacturing contracts, expected early next year, should not go ahead until, as the CEGB said, "the restructuring of the nuclear design and construction industry, at present under consideration by the Government, has been satisfactorily resolved."

The Government is currently considering a number of proposals on the restructuring of the National Nuclear Corporation and its operating arm, the Nuclear Power Company, created in 1974.

NEI said yesterday that it had no objections in principle to the proposal to restructure the industry around the two boiler-making companies — Babcock and Wilcox and NEI Clarke Chapman — provided that there was no question of a merger between the two companies.

Warship yards 'must be denationalised within two years'

BY LYNTON McLAIN

UNLESS THE Government decides to denationalise the Vosper Thornycroft (UK) warship yards by the end of next year the company will not be worth buying, Sir John Rix, chairman, of Vosper, said yesterday.

Vosper, part of David Brown Holdings, owned Vosper Thornycroft before its assets were nationalised two years ago.

The company is now the most profitable part of the state-owned British Shipbuilders. It made a pre-tax profit of over £10.7m in the year to the end of March, more than double the profits of the previous year.

But Sir John warned yesterday that these profits would probably disappear in two years. He said an estimated £7m to £8m of the latest profits represented interest earned by the corporation on advance payments for warships now being built.

The advances, which total £100m, have not been acknowledged by the Government or British Shipbuilders.

The money came from Saudi Arabia which provided most of the funds for a warship order from Egypt. This is now going through the company's Southampton yards and Sir John believes most of it should be paid back to Vosper as the orders were won by the company.

Sir John believes the size of these advance payments and the possible sensitivity of Saudi Arabia over the interest now being made on its money embarrassed the Government into delaying any plans for de-nationalising at least the warship yards of British Shipbuilders.

He wrote to Mr. Adam Butler, Industry Minister, before last week's Government statement on shipbuilding policy, offering to accept phased repayments of the money in return for swift de-nationalisation of Vosper Thornycroft.

But after the policy statement he said his company was "terribly disillusioned" with Government intentions. He had understood from Sir Keith Joseph before the election that Vosper had no need to worry about compensation for nationalisation because it would get its original assets back.

A second letter to Mr. Butler said that Vosper now saw no alternative but to press its claim for compensation.

He expected "a fair deal," and would take every possible step to secure compensation "in excess of £30m" for the original assets, which were now valued at £25m. The Government had already offered £4m.

Vosper would take the matter to arbitration and if necessary to the European Court of Justice to get its full compensation.

But denationalisation was the company's favoured course and he advised Sir Keith Joseph, Industry Secretary not to leave decisions on denationalisation "until it is too late."

Vosper's interim results, Page

Shiprepair chief resigns

BY LYNTON McLAIN

FOR THE third time in a month, British Shipbuilders has lost the chief executive of a ship repair yard. Yesterday it announced that Mr. Ian Sutherland, managing director of Falmouth Shiprepair, has resigned.

The other casualties of a big shake-up in the State-owned corporation were Mr. R. A. B. Butler, chief executive of Tyne Shiprepair, who left on Tuesday, and Mr. James Ekins, chief executive of River Thames Shiprepairs, who left in the middle of last month.

The only senior chief executive of a British Shipbuilders' repair yard to keep his position after the latest changes is Mr. John Wilde, of Vosper Shiprepair at Southampton.

All the yards mentioned lost heavily in the financial year that ended in March. The total loss exceeded £19.2m, with Tyne Shiprepair leading the league with a loss of almost £8.5m.

Mr. Wilde's yard lost £2.5m, but that was an improvement on the previous loss of £3.7m in 1977-78.

The improvement in performance in only one yard comes when the others are following a world trend towards greater losses for shiprepair. The corporation's policy is to direct work to the most profitable yards.

Mr. Wilde is being given control also of River Thames Shiprepairs. Eventually the two yards may be merged for marketing and material purchases.

Mr. Eric Mackie, managing director for the corporation's overall shiprepair activities, will handle Tyne Shiprepair until a full-time chief executive can be found.

Cautious reaction to BP takeover

BY JOHN MAKINSON AND ALAN FRIEDMAN

BRITISH COMPANIES have reacted in a cautious manner to news of the nationalisation of BP interests in Nigeria, amid worries that BP could be a barbinger of things to come.

In a survey of several large UK companies it was clear that serious thought is being given to future prospects, but no immediate action is contemplated.

Mr. James Gilbertson, vice chairman of Metal Box, a group with Nigerian interests, said: "The situation in Nigeria is of concern to us and we are watching it very carefully." The two Metal Box companies in Nigeria, which handle glass and can production, bring in £38.4m—12 per cent of the group's total overseas sales.

Guinness, whose assets in Nigeria total about £75m, holds 25 per cent of Guinness Nigeria. Mr. Alan Wood, managing director of the Guinness overseas operation, said the relationship between the UK group and Guinness Nigeria was excellent. "Guinness Nigeria is making a lot more money this year than last. Further, there are 60,000 Nigerian shareholders in Guinness Nigeria."

Sir Michael Parsons, one of the directors at Inchcape, says his group is not alarmed at events. Inchcape's interests in Nigeria are mainly in agricultural vehicles. Group assets in all of Africa represent 5 per cent of total assets as of this year. Meanwhile, Inchcape has increased its participation in Kenyan operations from 40 per cent to 100 per cent.

One company which has been particularly hard hit by the downturn in the Nigerian economy is Paterson Zochonis, the trading and manufacturing group. Its chairman, Mr. John Zochonis, took a sanguine attitude to the group's prospects.

The company has no interests in Southern Africa and Mr. Zochonis noted that Nigeria's economy must now improve as oil prices rise. He accepted, however, that Paterson would suffer like any other British group from a wholesale nationalisation.

A spokesman for Ocean Transport and Trading's subsidiary, Elder Dempster, said trade with Nigeria dropped off significantly in the first half of this year, because of import controls and port congestion, but it is hoped that freight in the second half will reach 75 per cent of late 1978 levels. Elder Dempster owns 10 of the 39 ships in U.K. West African Lines, which carries out about 80 per cent of all sea trade with Nigeria.

Other companies took a very cautious view of Tuesday's news. Dunlop noted that it has always maintained good relations with the Nigerian Government. It is one of the few British groups to have maintained a majority stake in a company there.

Meanwhile, on the Stock Exchange, companies with a heavy Nigerian involvement were marked down. BP dropped 35p to 1160p, Paterson Zochonis "A" shares ended 10p lower at 130p and Guinness slipped 3p to 171p.

Anti-shipping missile programme approved

BY MICHAEL DONNE

THE MINISTRY of Defence has formally launched development and production of the P3T, an anti-ship guided weapon, which might eventually be worth between £300m and £350m to British and French industry until the 1990s.

British Aerospace Dynamics Group is to complete development and evaluation of this air-launched, all-weather, sea-skimming weapon and to supply an initial production batch.

If the new missile is effective, further substantial production contracts are likely.

Dynamics Group is the prime contractor and the missile's gas-turbine engine has been developed by Microturbo, of Toulouse, France.

The P3T has undergone research and feasibility study for more than two years. It is designed to be fired from aircraft such as the Buccaneer, Tornado and Sea Harrier.

It is termed a "fire-and-forget" weapon, guided to its target by its own computer, which embodies the latest microprocessor technology, and a radar homing device supplied by Marconi Space and Defence Systems.

Lord Strathcona, Minister of State for Defence, said that the project would provide substantial work for British Aerospace and other British companies until the 1990s.

£150m plan for more fast trains

By Lynton McLain

BRITISH RAIL is to seek Government permission to spend £150m on 60 electric advanced passenger trains, which can reach 150 miles an hour.

The move comes after British Rail changed the train's design as part of the plan to persuade the Government to authorise large-scale production.

Mr. Robert Reid, marketing director, said yesterday that the long-term financial prospects of the Inter-City network would "founder" without the new trains.

The London to Glasgow route was already losing passengers to the British Airways shuttle. Mr. Reid thought the railways could attract up to 70 per cent of the passengers on internal air routes with the new trains.

The design changes would give British Rail the greater flexibility needed to expand the high speed services. It could possibly use the advanced passenger train on a wider range of routes than the select few originally envisaged.

Late start

The project has already cost more than £35m and progress has been delayed by trade union boycotts.

Trials on the London to Glasgow route started late and the train, which should have entered service in the spring, may not start service trials until next year.

The trains may cut the London to Glasgow travelling time by as much as an hour, although there are no plans to run the advanced trains at their full design speed of 150 miles an hour.

Signalling equipment would have to be modified in an expensive additional investment programme, and the benefits of attracting more passengers are not thought to be sufficiently great to warrant the extra energy costs of travelling at more than 125 miles per hour.

Tax relief on more business costs urged

BY DAVID FREUD

A WIDE range of business costs should become tax allowable for the first time, says an Inland Revenue consultative document issued yesterday.

The document comes after last week's announcement by Mr. Peter Rees, Treasury Minister of State, that he had "considerable sympathy" with the proposal that the costs of raising business loan finance should qualify for tax deductions.

The Revenue calls for comments on the document by October 31, and if no major difficulties emerge the necessary legislation is likely to be in the next Finance Bill.

Disadvantage

The document is a reaction to strong pressure from industry, particularly the Confederation of British Industry, which argued that the way some business expenses are not permitted for tax purposes is an anomaly.

The CBI feels the UK tax practice on these expenses, known as "nothings," put British industry at a relative disadvantage and discouraged the launching of new businesses and the expansion of existing ones.

While the cost of raising money is only part of the total area of "nothings", the proposed relaxation is likely to be widely welcomed by business.

The costs that the Revenue proposes making allowable include:

● Professional fees, including valuer's fee to assess a security.
● Land Registry fees and search fees incurred in connection with the security for the borrowing.
● Underwriting commissions, brokerage, introduction and negotiation fees.
● Commitment fees for loan facilities.
● Stock Exchange fees to secure quotation.
● Advertising an issue or placing.
● Costs of postage, printing prospectus and letters of allotment.

The revenue says that to simplify administration, the costs should be allowed as a trading expense—or an expense of management—in the year in which it is incurred.

In a second consultative paper, also released yesterday, the Revenue proposes an end to the present distinction between payments for compensation for loss of office and other payments on ending employment.

The paper also says that the "top-slicing" relief used in calculating the tax payable on end of employment payments should be discontinued, and instead only half the excess of such payments over the prescribed threshold should be taxed.

£3m aid for Corby

THE GOVERNMENT has promised £3m to attract new industry to Corby where the threatened halt of steel-making has put more than 6,000 jobs at risk.

Senior Ministers told a deputation from Corby yesterday that the Government "seriously consider the case for immediately granting the town assisted area status," if the steel plant closed.

Mr. Michael Heseltine, Environment Secretary, said £3m would be made available when necessary for the Corby Development Corporation and the Commission for the New Towns to provide infrastructure on sites for new industry.

Reject Anglo-U.S. court pact, insurers advise

BY ERIC SHORT

A PROPOSED Anglo-U.S. agreement on legal damages offers no benefit to British business or to British citizens and should be rejected, the British Insurance Association has told the Lord Chancellor's Office.

Under a proposed Civil Judgments Convention, awards for legal damages in the courts of one country would be enforceable in the other.

The association bases its opposition on these main contentions:

● U.S. court awards in civil matters are decided on a different legal basis, guided by liability rules that are more hostile to the defendant than those in UK courts:
● Almost all personal injury and property damage actions in the U.S. are the subject of jury awards. Damages are far greater than those awarded in the UK and allow for lawyers' receiving a percentage of the award;
● Grounds for recognising U.S. judgments in the UK are limited and well known. The alternatives offered remain too wide or too uncertain;
● Litigants would be encouraged to pursue their action in courts with a reputation of being favourable.

The association, which represents more than 300 insurance companies transacting 95 per cent of the world-wide business of the British insurance market, says that its evidence is based on the combined experience of its members in the UK and U.S.

It points out that premiums for UK policies are up to 20 times higher if endorsed to include cover in the U.S.

Braniff seeks more transatlantic routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRANIFF AIRWAYS, which flies between Dallas/Fort Worth in Texas and Gatwick, is seeking additional transatlantic routes.

Mr. Harding Lawrence, chairman of the American airline, said in London yesterday that he wanted Braniff to become the second permitted U.S. carrier on the Boston-London route. It would fly to Gatwick. Braniff also wanted rights between Kansas City and Gatwick.

Mr. Lawrence said the airline would also bid for the Miami to London route if it was dropped by National Airlines, which may merge with Pan American.

He did not think the U.S. Government would permit Pan American to fly the route if it took over National.

"We believe we would be the right airline for that route," he said. "It would enable us to link Miami-London with our existing routes from Miami to South American cities."

Mr. Lawrence said Braniff was pleased with the high level of acceptance by passengers of Gatwick Airport. Gatwick was clean and comfortable, with good communications to the centre of London. But if the airline was awarded the Miami route, it would also be interested in flying to Heathrow, as National does.

Braniff was happy with Concorde, in spite of fuel prices, which had soared by 63 per cent in the first seven months of this year.

Airports show passenger increase of 7.7%

BY OUR AEROSPACE CORRESPONDENT

THE NUMBER of passengers using the seven airports run by the British Airports Authority rose by 7.7 per cent during June, to nearly 4.1m.

For the airports in the South East—Heathrow, Gatwick and Stansted—the rise was 7.4 per cent, to more than 3.55m passengers.

This growth would have been higher, says the authority, had it not been for the one-day strike of civil servants during the month, and the grounding of the DC-10s, which both slowed the rate of expansion.

For the 12 months to the end of June, the increase in passengers using the seven airports—Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen—was 13.4 per cent, to a total of nearly 41m passengers.

At Heathrow, Gatwick and Stansted alone, the growth over the year was 13.1 per cent, to a total of just under 38m passengers.

● Car parking charges at Heathrow and Gatwick are to rise by up to 25 per cent to meet rising costs.

At Heathrow, the new charges for the short-term Central Area car parks will start at 25p per hour, and rise to £7.20 per day. Long-term parking on the airport's perimeter will go up by 30p to £1.50 per day.

At Gatwick, short-term parking will be 15p for the first hour, rising to £2.50p for 24 hours. Long-term parking charges will be £1.25 per day.

Ban on tear gas capsules

MRS. SALLY OPPENHEIM, Minister of State for Consumer Affairs, has placed a Prohibition Order before Parliament to prohibit the supply of tear gas capsules designed to afford amusement by causing discomfort through tear-inducing properties. Widespread concern has been expressed about these capsules the contents of which, if splashed into the eyes, could damage sight permanently.

The order will come into force on August 20.

Alvis industrial action 'may lead to lay-offs'

BY ARTHUR SMITH

ALVIS, the profitable BL military vehicle subsidiary, has warned its workforce that continued industrial disruption could endanger jobs.

Major-General Alfred Lewis, Alvis' managing director, has written to all 1,880 employees at Coventry outlining serious problems facing the company.

He said production during the past two to three months had been "deplorable." A series of disputes, in most cases affecting a small number of workers, had hit output.

"Short-term gains are quickly extinguished and loss of production results in greater costs, loss of customer confidence, and far greater difficulty in gaining new orders. In short, it places the whole future of the company in jeopardy and undermines security of employment."

Alvis was suffering financial penalties because it was so far behind promised delivery dates.

Writ against Egyptian hotelier

A HIGH COURT writ claiming FFr 3m (£306,122) in unpaid commission has been issued in London by a Swiss-based broker against an Egyptian who bought the Ritz Hotel in Paris.

The writ has been served by Mr. Alfred Cohen upon Mr. Mohammed Fayed, of Park Lane, London, an Egyptian hotelier who is involved in banking and shipping. He bought the Paris Ritz earlier this year for FFr 93.375m (£9.5m).

Mr. Cohen's solicitors, Kingsley Napley, confirmed yesterday that the writ had been served upon Mr. Fayed claiming a "substantial amount of unpaid commission and interest upon the sum, due to Mr. Cohen upon the sale of the hotel."

June beer output falls

POOR WEATHER led to a fall of almost 1 per cent in beer production for June, according to figures from Brewers Society yesterday.

Production in June was 3.9m bulk barrels, a drop of 0.9 per cent on the June 1978 figure. Production in the first six months—of 30.1m barrels—increased by 1.3 per cent over the same period last year.

Plessey accused of training South African military

FINANCIAL TIMES REPORTER

PLESSEY, the UK electronics company, has been training members of the South African Defence Force in Britain, the British Anti-Apartheid Movement claimed yesterday.

It has sent a letter of protest to the Foreign Office asking for an immediate investigation into the allegations that Plessey has been teaching the use of an American computer system to South African personnel.

The computer system is part of radar tracking equipment equipment which is expected to be installed in the Northern Transvaal.

Mr. Mike Terry, a spokesman for the Anti-Apartheid Movement, said the supply of computers could be in breach of [illegible] Africa. He has telexed a delegation of the movement's leaders, including two Labour MPs, to lobby the Commonwealth Conference in Lusaka.

The movement hopes that Commonwealth delegations will protest to Mrs. Margaret Thatcher, the Prime Minister.

Plessey is believed to have incorporated a minicomputer, made by the U.S. company Digital Equipment, into its radar surveillance system. This equipment is claimed to be used for personnel training.

Both Britain and the U.S. have observed the UN mandatory arms embargo against South Africa but Britain's interpretation is different.

Britain restricts the sale of [illegible] while the U.S. also bans the export of computers likely to be used by the South African army or police.

The Anti-Apartheid Movement believes South Africa is updating its radar equipment and that Plessey's system will be installed as part of Project Nassau, an important part of the country's defence system.

The movement feels that the presence of South African military personnel in Britain for training would be "in direct conflict with undertakings by the British Government that all forms of co-operation have ceased."

The Foreign Office said yesterday that the letter of protest has not been received. Plessey would not comment on the claim.

Merchant fleet shrinking

BY LYNTON McLAIN

THE MERCHANT fleet continued to fall in size last year although freight rates were higher and fewer ships were laid up, Mr. David Ropner, president of the General Council of British Shipping, said yesterday.

The tonnage of the British fleet has fallen by 20 per cent in four years to less than 40m deadweight tons (dwt).

Many older ships have been scrapped or sold to developing nations, as low freight rates made them uneconomic to operate under the British flag with British crews.

Mr. Ropner, launching the latest British Shipping Review, said that the industry had been through "the most severe depression since the 1930s." It had damaged freight rates and for the first time had pushed Britain's Sea Transport Account, as defined by the Government, into deficit for the first time.

The account covers all that Britain pays for shipping. Last year it showed that the country paid £289m more than it earned from shipping. That compares with a surplus of £21m in 1977 and £56m two years earlier.

Nevertheless, the net contribution to the UK balance of payments, largely receipts from abroad, by the UK shipping industry exceeded £1bn in 1977, the latest available figures.

The depressed performance is a direct result of the slump in world trade at a time when the world fleet nearly doubled in size. *Seaborne trade in tonmiles grew at an average of 13 per cent a year in the nine years to 1973.*

After the Middle East war and oil price rises, however, growth plummeted to 1.5 per cent a year on average to last year.

But in the eight years to July last year, the world merchant fleet doubled to 659m dwt, with many of the vessels ordered before the trade slump affected freight rates.

Now, however, the prospects for deliveries of new ships to expand the British registered fleet are dismal. The council expects "a mere" 135,000 dwt of ships — half of one supertanker — to be delivered to the fleet next year.

That compares with the 4m dwt delivered in 1973. A million tons may be delivered this year, although there is little prospect of the vessels being fully used.

Mr. Ropner said that the tail-off in deliveries would follow a "massive fall-off in capital investment by British shipowners by next year."

In the 1970s, total fixed capital spending by the industry has exceeded £1m a day. That has helped create a young *fleet, with more than four-fifths of British tonnage less than a decade old.*

Recently, however, freight rates have risen substantially in the dry cargo and tanker markets, and greater returns and fuller use of ships may result.

Reasons include increased chartering of grain ships to counter the poor Soviet harvest, and developments in oil supply and demand.

Mr. Ropner said that it was too early to talk of a sustained upturn. He said that the British fleet operated with some advantages, including "access to a sophisticated capital market, good management, a range of ships and a good relationship with the Government."

There was no magic safety net to preserve ships or jobs, however, if the industry's advantages were cancelled out by excess operating costs and overheads, he added.

U.S. attacked over shipping

MR. BRUCE FARTHING, a director of the General Council of British Shipping, said yesterday that British relations with U.S. shipping authorities had reached rock bottom.

He said that the U.S. had no shipping policy, the Administration in Washington was chaotic, and relations with Britain and other shipping nations were extremely difficult.

Matters came to a head in June when a Federal judge fined seven international shipping lines and 13 executives a total of $6.1m in the first antitrust indictment in the shipping industry.

Lines were accused of conspiring to fix rates for container trade between the U.S. and Europe, a practice permitted in Britain. Atlantic Container Lines and Dart Containerline of Britain were among those fined.

Mr. Farthing said that the very low level of relationships might precipitate inter-Government talks in the autumn.

Delay job cuts, yard urged

By Our Belfast Correspondent

HARLAND AND WOLFF, the State-owned Belfast shipbuilder, will meet the Confederation of Shipbuilding and Engineering Unions today to give reasons for its proposal to cut 630 jobs.

The confederation, which called for the talks, will ask the management not to implement the redundancies in the autumn as planned, but to wait for six months to see if better productivity levels can be attained.

The union leaders believe that by next March the shipyard's 8,000 labour force could be reduced by about 1,800. They will ask Harland and Wolff for estimates of likely cuts over the next year.

The present order book will be completed by late 1981. With Government aid to the company limited to £22m in this year, Harland and Wolff is anxious to reduce the labour force to a realistic level as soon as possible.

Health group's removal is warning to others

BY PAUL TAYLOR

THE REMOVAL of powers from Lambeth, Southwark and Lewisham health authority members is clearly intended as a tough warning to other potential over-spenders in the health service.

The action, taken by Mr. Patrick Jenkin, Social Services Secretary, is seen as a warning to other potential overspenders in the Health Service.

It was the first time that emergency provisions of the 1977 Health Service Act had been used. Mr. Jenkin made it clear that all health authorities should accept the effects of the £90m to £100m spending squeeze, which he recently announced in the Commons.

The members of the area health authority in South London include a Labour-Government appointed chairman and representatives from the three Labour-controlled councils.

All the 90 area health authorities in England and Wales face belt-tightening under the Government's programme. But the problems are more difficult for the London health authorities particularly perhaps Lambeth, Southwark and Lewisham.

While London authorities are generally "overfunded," they are responsible for supporting the city's 12 teaching hospitals. Lambeth, Southwark and Lewisham *has three teaching* hospitals in its area.

Finances are distributed between health authorities on a population basis. As the population is declining in the Lambeth, Southwark and Lewisham area, the health authority has funding problems.

These came to a head last year. The South East Regional Health Authority, the parent body which distributes health service funds between five competing area authorities, decided that Lambeth, Southwark and Lewisham was receiving between £27m and £35m too much under the resource allocation formula.

The Regional Health Authority planned to reduce the area's allocation by between £6.5m and £12.5m by 1987-88. The savings would be made available to the "poorer" areas, such as Kent and East Sussex.

The regional authorities proposed a reduction in the Lambeth, Southwark and Lewisham allocation of £1.8m in 1978-79 and £1.2m in 1979-80. The area refused to accept the cuts and appealed to Mr. David Ennals, the former Social Services Secretary.

In July, 1978, Mr. Ennals ordered the area to reduce expenditure by £3m in 1979-80, but this was not carried out. The area was destined to overspend in 1978-79 by about £5.3m.

In December, the area imposed a £1m cut, leaving it with a £4.3m "overdraft" to be paid back in 1980-81 and 1981-82.

The area started the current financial year with a spending allocation of £138m. But it planned to spend £140m. The Government's decision to impose a spending squeeze on health authorities meant the area would have to make a further £3m saving on top of the £2m budgeted overspend to stay within cash limits.

The prospect of making £5m cuts in the seven remaining months of the financial year proved unpalatable to a majority of the members of the area.

OTHER MEN'S JOBS: PILLOW STUFFING — BY CHRISTOPHER PARKES

Fred's factory featherbeds the nation

NAIVELY, I had expected a sort of feathery blizzard, an industrial scale pillow-fight. But there was only the faintest downy drizzle blurring the atmosphere inside Fogarty Furnishings feather factory at Boston, Lincs. The washers, *spinners and driers there set up* a concatenation of clatterings strangely at odds with the delicate product that fluttered from the end of the "purification" line.

But then the soggy plumage of wet-plucked broiler chickens needs a thorough going-over to transform it into stuffing fit for pillows, quilts and duvets.

Before the laundered feathers can be used they must be sorted. The natural blend on a chicken's chest has to be adjusted to provide maximum support in pillows and maximum-insulating powers in quilts.

In a process enchanting in its simplicity, feathers are blown *over a series of open-topped* boxes, and on the principle that the lightest will fly furthest in a gentle breeze, the feathers sort themselves out. The heavier quills fall into the first boxes while the tiny downy clusters settle in the last.

Processing is also necessary, however, to imbue in the plumes the special spring needed to prevent the sleeper's head from sinking through his pillow. British chickens are slaughtered when they are barely fledged. Since their feathers have no natural curl they must be ground between contra-rotating plates to make up the deficiency. The crimping machine, exuding an odour reminiscent of singed sideburns, also boosts the feathers' filling power by 40 per cent.

British duck feathers, from birds killed at about five weeks, are also a little short on spring, and compare badly with imports from the Far East, *China in particular.*

The processors prefer duck feathers from regions where peasants control agriculture, where birds and their plumage are allowed to grow to maturity before consignment to the pot. Imports arrive in tightly wadded bundles little bigger than a hay bale, which after processing fluff out to fill almost 100 quilts at the standard stuffing rate of 4 lb a time.

Duck feathers alone, unmixed with chicken, make for luxurious and relatively costly products. Dearest of all are quilts and pillows filled with down—the fine, quill-less filaments that keep ducks warm inside their water-proofed outer feathers. A white goose-down pillow retails for £50 to £60 compared with £3.50 for the basic chicken product.

But the rewards for such *extravagance are slight* in terms of comfort. A down pillow lacks the supporting qualities of one containing springy quills. As well as sinking through to the mattress, the sleeper's head is likely to be quickly soaked in perspiration. Down's supreme heat-retaining *qualities are better suited to* high-altitude flights over the Arctic regions than a stuffy British bedroom.

Down from the renowned eider duck is likely to make for even clammier nights. But since it retails at about £60 a pound, it falls beyond the buying power of all but the most dedicated sybarite.

This most delicate of *feathers* is collected from the nest-linings of rare eider ducks which roost in the cliff top niches of the most isolated *reaches of Iceland and Northern* Canada. Supplies are also limited by the protected status of the eider duck and the species' inconvenient habit of dying at sea, where its feathers are past retrieval.

Fogarty seldom has more than a few kilos on hand at any time and finds little use for it in day-to-day operations.

As in many other industries, the introduction of synthetics has made a considerable impact on duvet and pillow making. But although new plant has been installed wafting and packing light-as-air skeins of polyester fibre, feathers remain *the mainstay of the Fogarty* filling business.

Fibres and foams have many excellent qualities, *especially for people with allergy problems*, but to manufacture a substitute with all the characteristics of a feather would demand technology on a level comparable with that required to synthesise a snowflake.

Watching machinists each stitching 2,000 to 3,000 pillow cases or "ticks" a day, seeing the stuffers rattling them off the line and the finishers bashing them into shape like so many frenzied bed-makers, raises the question of where they all go.

The small export market is *not much exploited because the* high volume-to-weight ratio of the finished product makes for excessive shipping costs.

Newly-established households provide a steady market, especially during the spring wedding season, but most of the 3m pillows a year sold by the company are bought on impulse.

Mr. Fred Townsend, managing director of the feathers and filled products division, says that after about five years' use pillows lose their resilience, and respond only feebly to increasingly vigorous poundings and "*fluffings-up.*" *This tends* to prompt an examination of the household's pillows and a trip for replacements.

While it is difficult to find much room for expansion in the pillow market, the rapid growth of duvets or continental quilts sales has opened up new vistas for feather processors.

Fogartys made its first duvet in 1952 and had to wait until 1969 for the idea to catch on. Since then growth has been rapid and it is estimated that 25 per cent of the UK population now use them. Compared with 85 per cent in West Germany and 100 per cent in Denmark, this leaves plenty of room for growth.

Happily for the manufacturers, the chicken industry keeps on growing to maintain supplies of raw materials. The farmers are glad of the extra profits to be made from the feathers, and benefit further from the by-products of their byproduct. Feather waste and dust, collected after the sterilisation and sorting processes, contains 88 per cent protein making it an ideal feedingstuff.

Everyone, in fact, has cause to be happy with the industry with the probable exception of the unsuspecting broilers.

This midweek series on unusual jobs is due to be resumed next Tuesday with: Bagpipe making.

Freddie Mansfield

Very ticklesome work, handling feathers.

Education standards 'can be preserved'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EASING CENTRAL controls over local authorities should enable them to cut educational spending by 5 per cent without reducing essential standards, Mr. Mark Carlisle, Secretary for Education and Science, said in London yesterday.

Legislation would be introduced in the autumn to relax Whitehall regulations governing school meals, milk and transport, he added.

He estimated that the resulting flexibility would enable local authorities to save about £200m on those services alone.

Mr. John Horrell, chairman of the education committee of the Association of County Councils, said that the change might raise the price of a school meal—30p from September—to about 55p next year. However, he believed that "the core of the education service" could be preserved.

Some staff redundancies might be necessary, but Mr. Horrell hoped that those could be achieved by not replacing employees who left non-essential jobs.

"It is a question of choosing the correct way to maintain the quality of the service and it will be up to us to make decisions as to how this will best be done," he added.

Butter switches to metric packs

BY OUR CONSUMER AFFAIRS CORRESPONDENT

BUTTER, WHICH has retail sales of more than £480m, is to switch to metric pack sizes.

From August 26, all prepacked butter sold in shops will be in metric quantities, the Metrication Board said yesterday.

The half pound butter pack will be replaced by a 250 gram pack, and a 500 gram pack will replace the 1 lb size. The metric packs weigh about 10 per cent more than the sizes they replace and prices will rise to cover the extra amount.

Margarine, which started to move to metric sizes earlier this year, will also have to be sold by retailers in metric sizes from August 26. Margarine manufacturers started switching to metric *sizes earlier than butter producers because of margarine's* longer shelf life.

Mr. Max Wood, chairman of the Metrication Board, said yesterday that the Board's policy was usually to seek assurances from manufacturers and producers that weight for weight their prices remained the same during the change-over. However, he said that this was not possible with butter due to "keen price competition plus the higher EEC subsidy and the devaluation of the Green Pound."

But Mr. Wood added that "members of the Association of Butter and Cheese packers, who are most affected by the change, have agreed not to increase their packing *charges while butter is changing over to metric sizes in the shops.*" Packing accounts for about 10 per cent of the total price.

Tolls increased

MR. NORMAN FOWLER, Minister of Transport, approved increases in Severn Bridge tolls. They will take effect on Wednesday, August 29, when the toll for a car will become 20p, for a motorcycle 10p, and for coaches and lorries 40p.

Industry caught in profits decline

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PROFITS performance of British industry has worsened considerably since the early 1960s and has been relatively poorer than that of other major industrial countries, according to papers submitted to yesterday's meeting of the National Economic Development Council.

The papers — from the National Economic Development Office, the Department of Industry and the Confederation of British Industry—discuss recent profit trends, the causes and consequences and possible policy options. Some new international comparisons are included.

The share of profits in total domestic incomes fell from an average of 15½ per cent in 1955-1959 to a little more than 5 per cent in 1974-77. There was only *a slight rise to between 6 and* 7 per cent in the past two years. This is very low by past standards, since even during the 1930s the share did not fall below 8 per cent.

These figures show gross trading profits of industrial and *commercial companies (excluding North Sea oil)* less stock appreciation and capital consumption at replacement cost as a percentage of total domestic income after similar adjustments.

Real rates of return have also declined sharply from the 10 per cent plus of the late 1960s. They reached a low of 3.5 per cent in 1975 and rose slightly to 4.7 per cent last year. These are gross trading profits of industrial and commercial companies (excluding the North Sea and adjusted for stock appreciation and capital consumption) as a percentage of net capital stock.

The CBI warned in its Economic Situation Report earlier this week that the rate could fall to 3 per cent at best this year, with a further probable decline in 1980.

The Department of Industry paper highlights the UK's poor international record, quoting and up-dating a study produced by Professor C. P. Hill of the University of East Anglia for the Organisation for Economic Co-operation and Development. *The data has to be treated with* caution, but the trends are clear.

When profits levels are compared with value added the UK compares poorly. Although many countries have experienced a falling trend, UK figures for industry, plus transport, have been the lowest throughout almost the whole period. They have fallen more steeply since 1973 than those of Britain's competitors.

It is more difficult to be sure of comparability when measuring capital stock and rates of return. The broad conclusion is that most countries have shown a falling trend. For manufacturing industry the decline is particularly steep in the UK *and Germany.*

A comparison of UK and French rates of return in manufacturing industry (excluding food, drink and tobacco and metal manufacturing) in the period 1956-75 suggests that the trend in France was slightly upwards. At the beginning of the period, UK rates were only slightly below those in France. But by 1970 they were under half the French level.

The Department of Industry paper discusses a number of possible causes—such as the impact of continuing investment, a fall in the cost of capital, increasing international competition and the growth of the public sector.

"*It is difficult to separate the* decline in the British profitability and profit shares from other aspects of our poor economic performance; and falling profitability *should* perhaps be seen as a symptom as well as a cause of that performance," the paper concludes.

The Neddy paper concludes that the low level of factory productivity lies at the core of the problems of the particularly low rate of UK profit. The quality of the existing capital stock affects that productivity. Policy measures need to be directed to a qualitative improvement of the capital stock (making it more up-to-date and relevant to the market). A great deal of investment in replacement and modernisation is required, but this is at a time when the dominant motives to invest are weak.

Most of the broader policy options available to the Government have been tried before without success and the world environment is now much less propitious than it was earlier.

The CBI paper covers the same ground as its Economic Situation Report and trends survey. The main conclusion is that "the movement (fall) in real profitability between 1978 and 1979 is a turning point which, on the evidence of past behaviour, is likely to be followed by a downturn in investment *with all that* may mean for the future of jobs and living standards."

INTERNATIONAL COMPARISONS OF PROFITABILITY

1: Profit shares for industry and transport sectors (net operating surplus as a percentage of net value added in these industries)

	Canada	U.S.	Japan	W. Ger.	UK
1955-58	30.3	26.7	33.9	—	22.3
1959-62	28.7	26.2	37.3	34.0	22.6
1963-67	29.6	26.9	33.9	30.0	22.3
1968-71	27.0	23.5	36.1	28.5	20.9
1972-75	28.1	22.3	28.1	22.9	15.6
1975	25.3	23.2	26.3	20.7	10.0
1976	26.0	23.9	25.4	23.0	13.0
1977	26.2	23.7	—	—	16.0

2: Net rates of return (net operating surplus as a percentage of net capital stock of fixed assets except land)

	Canada	U.S.	Japan	W. Ger.	UK
1955-58	14.3	23.0	14.1	—	10.6
1959-62	11.4	21.9	19.0	26.0	10.6
1963-67	11.8	23.9	17.9	20.0	10.1
1968-71	10.2	18.8	20.0	19.0	8.5
1972-75	10.4	16.5	11.8	14.0	5.8
1975	8.5	16.5	10.5	12.0	3.5
1976	8.8	18.1	—	13.0	4.3
1977	8.7	—	—	—	5.2

Source: Professor Hill's OECD study and Department of Industry

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Public service pay index rejected

BY ALAN PIKE, LABOUR CORRESPONDENT

INDEXATION OF public services manual workers' pay to create an automatic link with national average earnings is rejected by the Clegg comparability commission in its first report published yesterday.

The argument for indexation was put forward in union evidence. But the Commission concluded that an automatic link — a suggestion rejected emphatically by the local authority employers — was unacceptable on two main grounds.

The unions had argued that the basic rate of the lowest grade local authority and university manual workers and health service ancillaries should be fixed at two-thirds of average male earnings. This position had been achieved by the public service unions during the 1974-75 pay round. They argued that it was the appropriate relationship to maintain.

Professor Hugh Clegg

Harder

One obstacle to this is that average male earnings already include overtime, shift work and incentive payments, says the Commission report. The unions were proposing that the public service basic rate, from which overtime and bonus payments were calculated, should be based on a rate which already included these elements in other industries.

"If other workers put in more overtime or increase their incentive earnings by working harder, employees in these three reference groups (local authority, university and health) would receive higher pay without working harder or longer, indeed regardless of whether they worked overtime or under a bonus system at all." It was not likely that employees elsewhere would accept this as fair.

The other objection to indexation was that although the public sector jobs under review possibly reflected the same range of skills as those among manual workers elsewhere in industry, they did not do so in the same proportion. There was a "much lower" proportion of skilled workers in the groups under examination than among manual workers generally.

The commission rejected indexation and approached its task instead on the basis of a combination of job-for-job comparison and factor analysis — breaking jobs into constituent parts. Its report stresses that the terms of reference, requiring it to report by yesterday, have imposed constrains on the way in which it has had to work. The commission also indicates that in general, it would prefer not to have to recommend pay levels, but restrict itself to providing information on comparisons which would then be used by negotiators.

The report points out that pay is only one element of a "total remuneration package." Conditions of service and other non-pay elements must also be compared, although it acknowledges the difficulty of quantifying and evaluating job security and efficiency.

Recommended

The commission recommends increases ranging from 3.8 to 16.7 per cent for local authority manual workers; 3.8 to 16.9 per cent for National Health Service ancillaries; 2.7 to 15.3 per cent for university manual workers and 12.8 to 25.8 per cent for ambulancemen.

The estimated cost of the recommendations, including the £1 per week on account which most of the 1.4m workers involved have been receiving since the dispute last winter, is, in gross earnings terms:

	per cent	£m
Local authority	10.9	236.5
Health service	10.0	70.8
University	6.3	1.9
Ambulancemen	23.0	18.6

Although ambulancemen qualify for the biggest awards, the commission rejects the union argument that their pay should be settled in relation to the police and fire brigade. Emergency work, says the report, is only part—and by no means the most time-consuming part—of the work of each of the three services.

"Comparison cannot leave aside the other aspects; nor can it ignore that more appropriate comparisons for some of these other aspects may be found elsewhere than in the police or fire services."

On the general question of the cost of its proposals, the commission says that it believes the full cost will be substantially below the gross earnings figures if managers in the local authorities, health and ambulance services "take the opportunity, as we have suggested they should, to tackle inefficient practices intended to boost earnings which can no longer have any justification once our recommendations are in force."

Assessment

The commission goes on to recommend joint examination by unions and management on a series of other issues including London weighting; long service supplements; the NHS ancillaries' negotiating structure; introduction of a common settlement date for university manuals; the retirement date for ambulancemen; and incentive and overtime arrangements in some areas.

It is intended that the workers involved should receive 50 per cent of their comparability awards this month and the remainder next April. The commission suggests that it may be appropriate to pay amounts of £2 or less in full now.

The commission says in its report on university technicians, also published yesterday, that it does not at present have the basis for a full comparative assessment of their pay. But there is sufficient reason to justify recommending an increase of 13 per cent at all levels in the grading structure as an interim measure pending a further inquiry.

Print union at Times turns down new deal

BY PHILIP BASSETT, LABOUR STAFF

REPRESENTATIVES of 2,500 members of the National Society of Operative Printers, Graphical and Media Personnel at Times Newspapers yesterday rejected joint union and management proposals in their present form for a resumption of work.

There was doubt about the strength of the rejection, though, with national officials of the union claiming that the chapel representatives had put forward a list of alterations to the present proposals and some chapel officials claiming that a complete new package had been drawn up.

NATSOPA London branch officials are now studying the chapel officials' proposals. One branch official said yesterday that the alterations were not fundamental.

Insistence

He said that the chapel officers were insisting that payments of £500 should be made to every member of staff, though the unions and management have agreed that the payments should be based on the normal number of shifts worked per week.

The NATSOPA executive which is due to meet next week is unlikely, however, to recommend acceptance of the proposals when it sends them out for consultation.

The chapel representatives were also insisting that the decision on whether to accept an agreement should rest with the chapels rather than be taken by national executives, to ensure that chapel feelings were not overridden.

Some more militant chapel officials said, though, that the fathers of the chapels had voted unanimously for a completely new set of proposals, rejecting such elements as independent arbitration on any difficulties and joint in-house committees and calling for a return of "negotiations conducted in a traditional manner."

NGA move

They said that there would now not be any chapel meetings next week to discuss the joint proposals since the new proposals from the Focs would have to go back to the union general secretaries and to Times Newspapers' management.

The national council of the National Graphical Association yesterday accepted the joint union - management proposals.

The NGA will recommend the formula to its Times Newspapers members at a meeting on Monday.

Talks halt court sittings

BY OUR LABOUR STAFF

MAGISTRATES court sittings in Merseyside, Hampshire and Sheffield were cancelled yesterday when members of the Association of Magisterial Officers held staff meetings to discuss industrial action in support of their 20-25 per cent pay claim.

Mr. T. Gwyn Davies, chairman of the staff side of the joint negotiating council for magistrates court staff outside London, said the association held protest meetings throughout the country. These had considerable impact in Newcastle, Liverpool, Sheffield, Winchester and Cardiff.

The association's executive committee plans to meet in the next few days. Lightning strike action by the 4,500 members will be considered. Mr. Davies said the association would co-ordinate its action with London staff who have delayed their strike until after their separate pay talks on August 8.

The Home Office said the effects of the action had been patchy.

The management side of the joint negotiating council has offered a deal worth 12 per cent and a reference to the Clegg comparability commission to be implemented in full in January. No further pay talks are planned.

ACAS drops Laker opinion test

BY PHILIP BASSETT, LABOUR STAFF

The Advisory, Conciliation and Arbitration Service has abandoned a recognition inquiry at Laker Airways after being unable fully to test staff opinion on whether they want to be represented by the Transport and General Workers' Union.

Similar inquiries have been abandoned at Grunwick and Michelin. The decision will add force to a warning last week from Mr. Jim Mortimer, the service's chairman, to Mr. James Prior, Employment Secretary, that the service could not satisfactorily operate the present statutory recognition procedures.

A report by the service on an application by the Transport and General Workers to represent Laker cabin staff blamed the company for its inability to proceed further.

"Despite every effort on our part, the company declined to co-operate with us in carrying out our statutory duties," the report said.

Under the Employment Protection Act, the service must examine staff opinions before deciding whether to recommend recognition of a union.

Normally it relies on employers' assistance to provide access to staff or their names and addresses.

In this case, the service took the unusual step of advertising to ask Laker employees to return a questionnaire on representation.

Transport and General officials sharply criticised the company's approach to industrial relations at the union's biennial conference last month.

Laker Airways said that it was pleased at the ACAS decision, which would mean the effective end of the union's attempt to represent the company's cabin staff.

The company had a thriving staff association and it was hoped that would be left as the appropriate body for collective bargaining.

Reckitt staff group in vote to join ASTMS

A SENIOR management staff association at Reckitt and Colman, the chemicals and food group, has voted to join the 470,000-strong Association of Scientific, Technical and Managerial Staffs.

The Management Association of Reckitt and Colman has 650 members working in research, sales, production and computer areas as well as at the company's headquarters at Chiswick. The ballot result announced last night was 71 per cent in favour of becoming a section of ASTMS. The staff association would retain autonomy within ASTMS.

Mr. Roger Lyons, ASTMS national officer, said several other staff associations were in negotiation to join the union. Talks had started with the Reckitt association last autumn.

Bid to end ore terminal dispute

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE MOST concerted effort so far will be made today to resolve the inter-union dispute afflicting British Steel's £100m Hunterston ore terminal on the Clyde.

Mr. Alex Kitson, executive officer of the Transport and General Workers' Union, will meet Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, at the terminal.

They hope to work out a compromise on whether dockers or redundant steel workers should fill the 50 new jobs that the terminal will provide.

The conflict between the two unions has kept the terminal idle since it was completed last spring. The only ship to call there has been the Royal Yacht Britannia, which brought the Queen Mother for a mock opening ceremony.

The dispute is costing British Steel £1.6m a month in interest charges and the loss of expected savings of £3 a tonne on importing ore for the modernised Ravenscraig steel complex.

The transport union claims that manning the modern unloading equipment is a new activity that should be defined as registered dock work. The Confederation says that the work is the same as operating cranes, which its members now do at the General Terminus Quay in Glasgow, which is to be closed.

The British Steel Corporation wants to give the jobs to redundant steel workers, and has already sent some of them for training in Holland.

Boyd attacks engineering employers

By Our Labour Staff

THE ENGINEERING Employers' Federation has been accused of applying double standards between its own members and the Amalgamated Union of Engineering Workers over the current dispute for an £80-a-week craft basic rate.

Sir John Boyd, the union's general secretary, writing in the AUEW's journal yesterday, said the EEF took a disproportionate amount of wealth out of industry in the form of profits, dividends, directors' salaries and other emoluments.

He said the Government's proposals to extend the conscience clause over people not wishing to join a union would throw open the chance for opportunists to seek heavy financial compensation from individual unions.

Union considers 15% offer for ITV workers

BY GARETH GRIFFITHS, LABOUR STAFF

AN ESTIMATED 15 per cent pay deal for staff at the 15 independent television companies will today be considered by the television committee of the Association of Cinematograph, Television and Allied Trades.

The union has already sent out details of the deal to branches, but without a recommendation. Negotiators failed to agree on the offer made on Monday by the Independent Television Companies Association.

Mr. Roy Lockett, ACTT deputy general secretary, could not comment while the offer was being discussed on whether surprise action would continue this week. He said the decision to take the action was made locally.

The two other unions involved in the ITV pay round, the Electrical and Plumbing Trades Union and the National Association of Television, Theatrical and Kine Employees, have both recommended acceptance of 15 per cent offer.

ABM: all the right notes

Michael Thompson-Noel profiles Allen Brady & Marsh

EARLIER THIS year, the irrepressible Peter Marsh, chairman of Allen Brady & Marsh, organised a champagne breakfast party to mark the 50th birthday of his partner, Rod Allen. Between them they own the bulk of the shares in what is Britain's fastest-growing advertising agency. It was the sort of party for which the advertising business is famous. The entire creative department was on hand. Tables groaned with birthday fare. Gifts were presented. And then, on the dot of nine, the Royal Artillery Band, no less, drew up in the street below and launched into a selection of the advertising songs and jingles—composed by Rod Allen—that have helped propel ABM into the list of top ten London agencies.

The ABM hit parade includes "I'm a Secret Lemonade Drinker" for R. White's, "That's the Wonder of Woolworth," Whitbread's "The Pint that Thinks it's a Quart," "Toblerone's "Triangular Bees," plus the current melodies for Berger Paints, British Rail Sealink, Hepworths and Wrigley's gum.

What the agency has in store for the Midland Bank is a question exercising the minds of rival agencies, for in a move of the greatest significance for Allen Brady & Marsh, the Midland recently took its account away from its agency of 114 years' standing, Ayer Barker Hegemann, and awarded it to ABM, the jingle kings of EC4 as they are inevitably but misleadingly described in the vernacular of the trade.

Next year the Midland Bank account will be worth £3m.

ABM is still sometimes described as a song-and-dance shop, partly because of its ads, partly because of the theatricality and flair of its larger-than-life chairman, Peter Marsh: an ex-actor turned advertising powerhouse whose charm and bombast only barely conceal one of the shrewdest minds in advertising.

The billings and growth record of ABM is little short of astonishing. In the financial year 1975-76 (Mr. Marsh became chairman in February, 1974) its media billings were £7.7m. The following year: £10.8m. In 1978-79, they rose 63 per cent to £21.8m and in the current year the agency is set for £35m.

It is a devastating track record, though even Peter Marsh admits that the gain of the Midland marks "the crossing of a *Rubicon*." The bank went out of its way last week to say that it had not only been impressed by the agency's creative proposals but by the depth and application of its market research and by its grasp of market conditions.

For a bank to say that of a "jingle shop" is significant news indeed. "Our policy," Peter Marsh said this week, "is to make ABM the best-run, best-managed British-owned agency.

Peter Marsh: charm and bombast conceal one of the shrewdest minds in advertising

We have no plans for going public. We have never used our profits to buy growth by acquisition. They have consistently been invested in our work and in our staff (now 206 in number, compared with 32 in February, 1974).

"Our next target is £50m worth of billings, and we'll been on the way to that. Maurice Saatchi and I had lunch a year ago. He told me that before too long, Saatchi and Saatchi Garland-Compton would be the biggest agency in Britain, that we'd be No. 2 and that no-one had yet woken up to it."

They have woken up now. The main Saatchi agency is breathing down the necks of the U.S.-owned Big Three (J. Walter Thompson, McCann-Erickson, and D'Arcy-McManus and Masius). And ABM has vaulted past more than half-a-dozen rivals in the past few months. Both Saatchi's and ABM are on the list of eight agencies at present vying for £5m to £6m worth of business from British Rail.

For an agency of its size, ABM has a very short client list. But it has some very big names. Apart from those already mentioned, they include British-American Tobacco, Cussons, Hanson Trust, International Stores, the recently-gained Provincial Building Society and Moulinex. (It no longer handles R. White, and its Whitbread brands recently departed.) *The biggest spender* is Woolworth, which bills more than £5m. More than half its 20 clients bill more than £1m.

Only six bill less than £500,000. ABM chief executive and managing director David Croisdale-Appleby says the maintenance of a small, supremely select client list is deliberate policy, and will be pursued right up to and beyond the £50m mark.

Not everyone admires ABM's advertising. Much of it is vigorously attacked. In a quotation in this newspaper last December 28, Ronnie Kirkwood, chairman of a rival agency, described ABM's Woolworth work as tedious. It served, he said, as "the outstanding example of a conspicuous waste of an advertiser's money." ABM's jingles are often derided, and its work has been described as insular, vulgar and old hat.

There is a large element of envy in all this. Moreover, few of the critics appear to have stopped and asked whether ABM's advertising works. The overwhelming evidence of its client list and growth is that it works spectacularly.

ABM's work is the result, says Dr. Croisdale-Appleby, of "rigorous examination of the product and all aspects of its market: a careful definition of the job the advertising needs to do, and then, and only then, the creative resolution: the powerful idea that relates the product to the target audience."

Peter Marsh and Rod Allen say that it is fatal to get too clever. Eighteen months ago they made a tour of Butlins in Bognor Regis in a bid to top up, as it were, on the attitudes and lifestyles of ordinary folk. "The Board laughed themselves silly but we learned an enormous amount."

As for the jingles, what could be more British? "Coach parties always sing," says Peter Marsh, "and lots of people in pubs like singing. We're plugging into that tradition. And a catchy tune can float ideas into people's minds in an easily digested way." (That's true, although when this correspondent once tried to order a beer at Heathrow by singing "The Pint that Thinks it's a Quart," he received a very old-fashioned look.)

The supreme driving force at ABM is the great showman himself, Peter Marsh. He has a chauffeur-driven Rolls and wears a great amount of jewellery. He sports a monocle. He has the drive and self-confidence of a very successful Northern businessman, and a Swedish egg-timer in his bathroom so he can time how long to take to clean his teeth.

He doesn't always win. Earlier this year he crossed swords with Alistair Mackie, director general of the Health Education Council, on the subject of cigarette advertising. It was important, said Mr. Marsh, that "self-opinionated arbiters" be prevented from deciding "what we should buy, what we should enjoy, how we should live our lives and what information we should receive to help us make those choices." Mr. Mackie, furious with the advertising stance adopted by ABM for State Express 555 cigarettes, attacked an ABM advertisement entitled "The Right to Choose," and accused the agency of nauseous and self-regarding cant.

But whatever aspect of his business he is defending or *explaining, there is no agency* chairman in London who even remotely matches Peter Marsh for sheer bubbling enthusiasm. Thanks to him, it is not only impossible to dislike advertising: it is almost possible to like ads.

Planning's big one-day event

BY WINSTON FLETCHER

IF A PICTURE—as every raw art director negotiating a salary hike will vehemently insist—is worth a thousand words, then these days at advertising conferences a case history is worth a thousand theories. Adpersons seem to have suddenly discovered the Harvard Business School Method, and are embracing it with fervour.

At last week's gathering on the high-profile subject of account planning — trendily called a one-day-event to differentiate it from old-fashioned *conferences and seminars*—the proceedings were littered with case histories: for Brooke Bond PG Tips, Black Magic, Guinness, Fiat, Oxo, Campari, Krona margarine and the International Wool Secretariat, to mention but a few.

Indubitably the case histories, especially Collett, Dickenson and Pearce's lengthy Fiat exposition, were fascinating and educative. Above all, they demonstrated how complex, subtle and uncertain are the ways in which advertising works (and often fails). JWT's Judie Lannon, for example, disclosed that Guinness's efforts to attract younger female drinkers in the early 1970s proved largely unsuccessful because the advertisements had sought to make the dark brown stout fashionable, and thus appealed to fashion-conscious females who proved, predictably, fickle in their tastes.

Guinness's current women's magazine campaign, which positions the brand as the beer for women with character and individuality, appears to be *achieving rather more success*.

CDP's rendering of the Fiat story, given jointly by chairman and creative director John Salmon and planning and research director David Clifford, was particularly spellbinding as it appeared to mark a radical departure from that agency's traditionally rather secretive stance. Messrs Salmon and Clifford seemed to be at pains to transmute their agency's reputation for mercurial, unplanned and unresearched creativity.

If that was their objective, they only partially succeeded. While Fiat's UK sales and market share have grown strongly over recent years, so have those of all the major *foreign* imported marques. Messrs. Salmon and Clifford themselves admitted that in 1975-76, when CDP gained the account, Fiat's model range was comparatively poor, and that the vehicles had been greatly improved in the past couple of years. However, the real bug in CDP's story was that *on many important* rating scales, Fiat's image has either remained unchanged or, arguably, has changed for the worse—particularly on petrol consumption which perhaps explains the latest "It thinks there's a permanent fuel crisis" poster for the Strada.

To counter such arguments, the CDP men emphasised how all of Fiat's research showed their campaign to be the best-liked car advertising running; but that, unfortunately, is one of the question-marks that critics pose against CDP's work. As a Pear's soap case history had shown earlier in the one-day-event, well-liked advertising is by no means always sales effective: indeed, the reverse is frequently the case.

Nevertheless, despite these carps and quibbles, the CDP presentation indubitably established the Fiat campaign to be deeply embedded in research, planning and strategic analysis; *in no way the whimsical* bathtime outpourings of long-haired creatives with one eye on a trip to Turin and the other on the acquisition of a few creative awards with which to decorate their curriculum vitae.

These, and most of the other case studies, illuminated the ways in which advertising works. They did not, unfortunately, throw much light on the supposed theme of the one-day event: the way that account planning works. None of the campaign histories deployed analytic, organisational or methodological techniques that were not available—and in common use—20 years ago, long *before account planning*, in its currently accepted sense, was invented.

This is hardly astonishing. Effective and successful advertising has always been thoughtfully and carefully planned. Even the most fervent advocates of the account planning system do not suggest that in the bad old days (before AP), all advertising was hopelessly haphazard.

Account planners, as event-chairman Charles Channon stressed, represent a particular specialisation of function within advertising agencies: a fine tuning in agency organisation. The account executive's established role has been bifurcated. Within agencies employing planners, the account executive has become a pure contact man whose job is merely to cope with clients and act as a glorified traffic and progress chaser. The account planner, in Mr. Channon's grandiose phrases, is "the guardian of the agency's prime learning process"; the thinker and strategist "whose first responsibility is to the brand and not to the client ... whose understanding *of advertising* is at least equal to his understanding of research."

Clearly this division of the account executive's traditional role has much to commend it. It introduces into the process of advertising creation an individual independent both of the client's personal prejudices, and of the daily hurly-burly which frequently leads to creative corner-cutting.

Like most advantages, regrettably, the account planning system also entails major disadvantages. First, it is inevitably expensive and rather slow. (One of its intrinsic purposes being to make account executives stop and think before they act). Thus it is far more useful and relevant to long-term brand positioning work than to fast-moving retail price-dealing, for example.

Significantly, all the speakers and case studies at the one-day event depicted classic manufacturers' consumer brand advertising. Industrial, direct response and retail advertising were not once mentioned, though McCann's chairman, Ann Burdus, redressed one crucial omission when she reminded delegates that international campaigns generally ride roughshod over parochial agency planning. A truth of which Boase Massimi Pollitt, arch protagonist of account planning, must be ruefully aware, following its recent loss of the UK Renault account to the car manufacturer's international agency.

Finally, and in some ways worst, the existence of an account planning system greatly belittles the job of the account executives, and account executives know it, and do not like it. Many really good all-round account executives now shy away from agencies operating account planning, since its basic premise argues unflatteringly that account executives (because they lack the time, the inclination, or the ability) are incapable of simultaneously thinking and doing.

Most successful businessmen, of course, are reasonably adept at both. In any case, it was not a problem to which the one-day event paid any heed. Those present were far too busy narrating amusing advertising tales of mystery and imagination.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

Interpublic pays $40m for SSC&B

THE INTERPUBLIC group, already the biggest in world advertising, is about to complete the first stage of its take-over of SSC and B Inc. in the U.S. and the international SSC and B: Lintas network. In a deal signed this week, Interpublic is paying $40m for SSC and B together with its 49 per cent stake in Lintas.

The full deal should be completed by early 1982 and will create an international network billing more than $3bn, including McCann-Erickson and the Campbell-Ewald network.

● BP CONFIRMS it is planning a major corporate campaign via Saatchi and Saatchi Garland-Compton. No budget or date has been finalised, but the campaign will probably start early next year and could be worth up to £6m over three years. Latest MEAL figures for the April-June quarter show Saatchi's in No. 1 spot, up 30.2 per cent at £12.4m for that quarter.

● DORLAND ADVERTISING is to handle a campaign for the Butter Information Council. If initial results are good, the spend could be £1m. Although the Post Office, Dorland's biggest client, has virtually suspended advertising, and although Reckitt and Colman last week abruptly moved five brands out of Dorland, the *agency says it should still record* a 45 per cent billings gain this year. It is handling the £2.25m launch of Now! magazine.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Copes with the vapours

PROBLEM VAPOURS that are frequently encountered in the chemical, pharmaceutical and other process industries can be handled without causing water pollution using a vacuum pump with a "once-through" sealing fluid system from Busch (UK), 2 Bensham Lane, Croydon, Surrey CR0 2RQ (01-689 3545).

The company claims superiority for the pump over existing types such as steam ejection equipment, liquid ring seal, rotary piston and conventional rotary vane pumps since all of these use a medium that is contaminated by the pumped vapour and might be corroded by it.

There is no oil sump in the design, which in single stage form has an ultimate vacuum of 40 mm of mercury (dropping to 0.5 and 0.03 mm for double and triple staging respectively.)

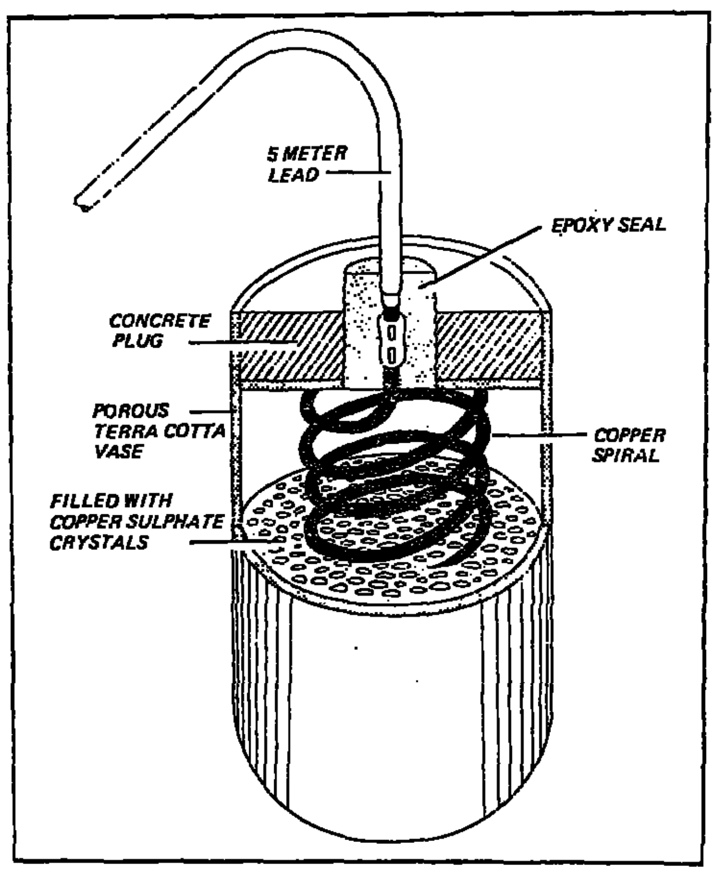
Instead, the pump has a once-through sealing fluid system that avoids pump chamber and oil sump contamination inherent in conventional oil-sealed types.

This, together with control of the pump operating temperature, prevents the condensation of process vapours in the pump, including those which can condense at temperatures as high as 120 deg C.

The once-through sealing system dispenses a minute but continuous flow of uncontaminated seal fluid into the pump chamber by means of a metering pump. This fluid is not used to lubricate bearings as well—its only function is to provide the vacuum seal between the vanes and the chamber wall.

About two litres per day are consumed, and the fluid is chosen to be compatible with the process vapours.

The vapours, never condensing, are swept out to the exhaust system where they can be recovered, collected and re-used, or disposed of without polluting water or air—advantages which Busch claims other vacuum pumps cannot offer.



Helps to control rust

UNDER DEVELOPMENT in Italy for some years, copper/copper sulphate reference electrodes are being marketed all over the world by MAPEL (Metal and Pipeline Endurance) of Stotfold, Herts, UK.

This new electrode is intended to be installed for the provision of a reference voltage to control impressed current cathodic protection equipment. It is also applicable to the monitoring of soil/steel potentials in inaccessible places — beneath storage tanks or around deeply buried piping.

In the cell, a spiral of copper wire is surrounded by crystals of copper sulphate, the whole in a porous terracotta container.

Good copper-to-soil contact is provided and the hygroscopic action between the crystals in the container and the damp soil ensures that there is no leaching. Use of terracotta and the method of encapsulation ensure that the new units can be made at significantly lower cost than by other methods. A life of between 15 and 20 years is projected in average soil conditions.

MAPEL is at Taylors Road, *Stotford, Hitchin, Herts SG5* 4AG. 0462 733035.

● TEXTILES

More efficient looms

CONSIDERABLE effort and expenditure is being devoted to *many different ways of making* looms more efficient and more productive. Some concepts, such as that of multi-phase weaving, are technologically advanced but likely to be a long time before they are fully commercial.

Another approach to loom design is being suggested by a Swiss loom maker. This is described as bi-phase weaving and in essence, it is based on having two looms mounted side-by-side with a driving unit for a double-length rigid rapier positioned between them. Thus, as the rapier advances across the shed of one cloth it is withdrawing from that of the opposing cloth.

The loom is being built commercially by Adolph Saurer (British agent: Crowth, Silverdale Drive, Thurmaston, Leicester LE4 8NP. Tel. 053 723 3311).

The thinking behind the development of the Model 500 loom was to combine a high weft insertion rate with a slow unwinding speed from the cones of weft supply. It is posssible to operate the machine at a weft insertion rate of some 1100 metres/minute of twin fabric widths of 185cm.

It has been estimated by Saurer that about 75 per cent of all fabrics now made can be woven on this new machine which will weave such fabrics as calico, denim, corduroy, etc., with only a tappet motion. The range of yarn it can handle ranges from Nm8 to Nm 135 (say 4.8s to 80s c.c.).

● CRYOGENICS

Handling liquid helium

JOINT OPERATION between BOC and Parsons Peebles, Edinburgh, Lothian, has proved that liquid helium can be delivered and used in much greater quantities than previously.

Parsons Peebles, part of Northern Engineering Industries and one of the leading cryogenic research groups, required 3,500 litres of helium over a five-day period. It was needed to carry out tests on the company's new superconductivity fault limiter. Liquid nitrogen was also essential for pre-cooling the equipment.

Liquid helium has a temperature of minus 269°C. It is also the most difficult liquid to handle in large quantities without using expensive specialist equipment and is usually only supplied to users in dewars containing less than 500 litres.

BOC Special Gases accepted the challenge and guaranteed Parsons Peebles delivery of a 3,800 litre container to the Edinburgh site. It was one of the largest consignments ever supplied for cryogenic use in the UK.

BOC Edinburgh delivered the liquid nitrogen for pre-cooling. Then BOC Special Gases, Leeds depot, supplied the liquid helium and transfer equipment.

Success of the operation proves that liquid helium can be delivered on a large scale *and without using expensive* handling equipment. Already a second delivery has been arranged with Parsons Peebles and other companies have shown interest.

Further details on 01-748 2020 Hammersmith House, London W6 9DX.

● INSTRUMENTS

Finds vacuum system leaks easily

VARIAN claims that in the 936-40 mass spectrometer leak detector just introduced it has the smallest, most compact high sensitivity instrument of its kind.

Weighing only 25 kg and measuring 210 x 350 x 500 mm the unit is based on the helium diffusion principle in which a spectrometer tube is vacuum-connected to the system under test, which could range from a distillation tower to a coater or electron beam welder. Then, helium is sprayed over the suspect areas so that, if there is a *leak the gas molecules will find* their way to the spectrometer tube and be detected, giving a measure of the leak size.

Unwanted gases and contamination are prevented from reaching the tube using the company's Contra - Flow principle which takes advantage of the differences in maximum pressure ratios produced by the unit's diffusion pump for gases of different molecular weights. Helium, with a very low ratio, diffuses through the pump to *the tube where it is detected.*

Other gases with larger molecular weights are trapped and filtered out by the diffusion pump.

The 936-40 has a new design of pump to take advantage of *the principle and also acts as a* buffer, protecting the tube from pressure bursts. Varian says it is capable of performing at pressures 1,000 times greater than conventional leak detectors.

Helium can be detected to very low levels and the response time is only two seconds.

More Varian S p A., Via *Fratelli Varian, I-10040 Leini,* Turin.

Useful temperature gauge

LATEST electronic thermometer from Polkinghorne has two ranges and can work from any type of thermocouple or be *used as a dc millivoltmeter.*

A simple push button control produces a range of either −50 to +1100 degree C or to +199.9 degree C, accuracy being no worse than 0.2 per cent of the reading plus or minus one degree.

Known as the model 556, the instrument has a ½-inch high *liquid crystal display* (3½ digits), with polarity indication.

Depression of the appropriate button makes the instrument display in millivolts the actual output from whichever thermocouple type is connected to the terminals. Then, the "amb" button is pressed to obtain *automatic cold junction ambient* compensation in the range 0 to +40 degree C, the instrument displaying in degree C the temperature of the cold junction of the terminals to which the couple is connected. Thus, knowing the reading of the cold junction, it is possible to calculate from tables the actual temperature of the hot junction.

More from the company at Lillyhall Industrial Estate, Workington, Cumbria (0900 3521).

● CONFERENCES

Electronics in vehicles

IT IS now generally agreed in *engineering circles that* the inevitable dwindling of the world's oil supplies will face professional engineers and technicians everywhere with extraordinary problems to tackle in the next few decades.

Not least will be that of the road vehicle, and the forthcoming Second International Conference on Automotive Electronics at the Institution of Electrical Engineers is bound to assume of greater than usual significance.

Taking place from October 29 to November 2 at Savoy Place in London, it will consist of 60 papers organised into 14 sessions covering intelligent engine controllers, ignition control, fuel and engine management, vehicle radar and communications, wiring and several other topics.

There will be a display of equipment in London and a technical visit to the Motor Industry Research Association at Nuneaton on the final day.

Programme and registration forms from the IEE, Savoy Place, London WC2R 0BL (01-240 1871).

● MATERIALS

Makes good road base

COLLIERY WASTE is being converted by the Robert Brett Group of Canterbury into a road building material.

Called Brett CSM (cement-*stabilised minestone*) it can be used to form sub-bases and road bases. It can be up to 30 per cent cheaper than Type I limestone and lean mix concrete, says Brett, and is also suitable for farm and site roads, car parks, hard standings and store yards.

The material is being produced by a Robert Brett Group *subsidiary company, Brett* Paving and Construction, at Snowdown Colliery, between Canterbury and Dover where minestone (unburnt colliery shale) from the colliery's waste tips is mixed with cement.

It is stated that up to 1,000 tonnes a day can be produced, for delivery to sites up to 40 miles from the plant.

● COMPONENTS

Fire alarm call point

A HEAVY duty weatherproof pushbutton mainly intended for use as a fire alarm call point has been introduced by GP-Elliott Electronic Systems.

The company says that in harsh intemperate conditions, the unit avoids the nuisance of replacing the glass in "break-glass" switches and can readily be tested.

To operate, the large mushroom head is depressed; the head locks into the operated position exposing a yellow band indicating which of a group of such buttons has been operated.

● LITERATURE

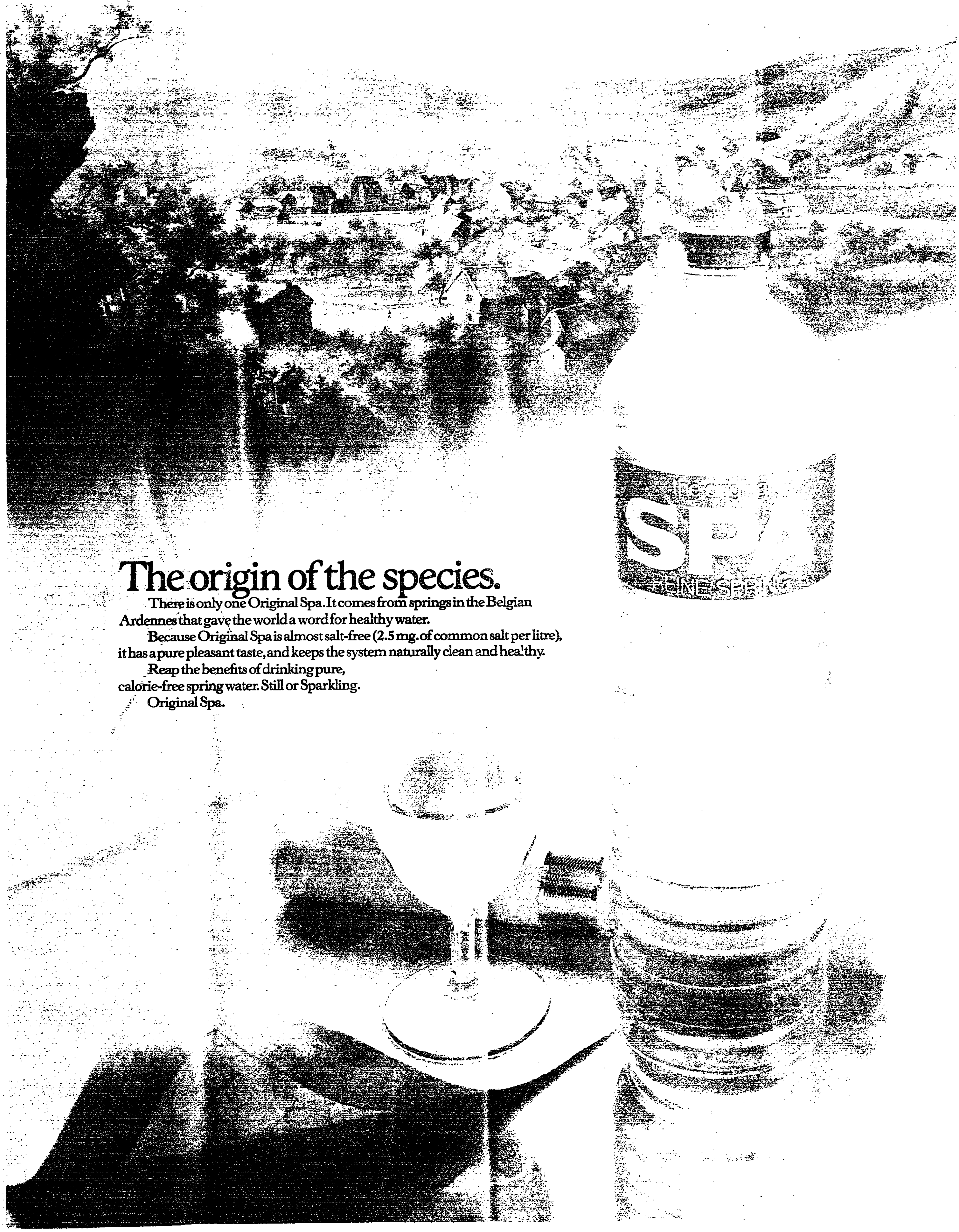
Compressed air manual

SUBSTANTIALLY enlarged and updated since its 1975 edition is a 600-page manual for users of compressed air equipment published by Atlas Copco (Great Britain), PO Box 79, Swallowdale Lane, Hemel Hempstead, Herts (0442 61201).

In addition to the section covering the theory and practice of compressed air technology, the manual devotes its remaining pages to a full list—including technical data—cataloguing all information on pneumatic and hydraulic equipment for the construction, mining and engineering industries.

Copies are available at £3 each (cash with order) from the company.

SPA: A LANDSCAPE BY CRAHAY AFTER A PRINT BY JAN BREUGHEL



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Consultants for the City

There are HAY offices in 20 countries. Consultancy services to the financial sector are an *important feature of our business in each* country. Here, our City Office serves leading banks, insurance companies and other institutions; *there are four other offices, and* over 50 consultants in the U.K.

We plan that at least three consultants will join the City Office over the next few months. Contrasting experience among them will be *valuable to our clients, so we welcome en*quiries from men and women aged between 30 and 45 who are managers in any part of the finance sector—including the finance function in industry.

HAY consultants work with top management, and at all levels of organisations, mainly on such issues as organisation and job structuring, reward policy and methods, and management continuity planning.

We are well used to helping talented people become successful consultants; they, and their careers, develop with success. The material rewards are correspondingly attractive, with base salary, profit share, car, pension, *BUPA as the main elements.*

Communications skills are essential in consultancy, so please write a letter, rather than merely post a *c.v. to:*

Philip Crofton,
HAY-MSL Limited,
40/42 Cannon Street,
London E.C.4.

HAY
MANAGEMENT CONSULTANTS

DRAKE SENIOR APPOINTMENTS

FINANCIAL MANAGER

Our client will shortly be making a senior management appointment and is looking for the candidate who best meets the following personal, academic and work experience specifications.

Of high academic standing, and certainly having appropriate accounting and/or financial qualifications, you will have exceptional skills and be used to holding responsibility for the planning, organising and staffing of a financial function, preferably in an international and service-minded company. You will hold a high level of personal and business maturity and be a proven manager of people with good communication/motivational skills.

With a strong degree of initiative and drive, you are a dependable and resourceful individual who positively wishes to work in an environment conducive to personal development and growth, and where the management team are measured on and motived to high development.

This career move will give you responsibility for the direction of a range of financial, systems and administrative functions, ranging from financial and management reporting through credit and taxation. A prime responsibility will be for development of computer-based systems which will be used as a model for a number of other overseas divisions. There would also be the opportunity to develop corporate planning systems.

The rewards to be offered by our client to the successful candidate, will be a substantial five-figure package. Please call us quoting EJS/489.

01-405 0654
CRAVEN HOUSE, 121 KINGSWAY, WC2

Drake Senior Appointments

INTERNATIONAL CORPORATE FINANCE

£10,500 - £12,000

Our client is the International Division of the Midland Bank.
The rapid rate of their business growth continues unabated, and in no sphere is this more evident than in Corporate Finance – International.
As a consequence it is now necessary to recruit a further number of Assistant Managers who will support the development of corporate relationships and the Bank's business base in a number of geographical areas, especially Europe and the Far East, and in functional areas such as aerospace.
Ideally in their late twenties the successful candidates will hold at least A.I.B. and will be very competent in the reading of balance sheets. They will be able to receive credit assessments and help prepare them for Committee review. They will wish to study in depth the area to which they have been allocated, with a view to eventual travel in the area.
Successful candidates will show an ability and eagerness to develop customer handling skills and enthusiasm and initiative will be qualities particularly sought.
It follows that promotion prospects will cover the spectrum of Corporate Finance – International Division activities and the positions will enjoy the fringe benefits associated with a major international bank.

Letters of application, together with c.v., salary progression and any other relevant data, should be forwarded without delay to: Mr. C. A. Cotton, Executive Recruitment Division, MLH Consultants Ltd. Park House, 22-26 Great Smith Street, London SW1P 3BU quoting reference A146.

MLH *Consulting Group of Companies*

Chartered Surveyor

London

To provide for succession in one of Britain's largest retail organisations with over 70 stores occupying high street sites in the principal cities and towns; it pursues a vigorous policy of expansion.

Initially the successful candidate will share in the company's property acquisition and estate management, having special responsibilities for one region.

Candidates, ideally aged in their early/mid thirties, must be chartered surveyors and preferably graduates in Estate Management. They must have experience in identifying and negotiating opportunities for new retail developments gained in a national retail group or in property development specialising in retail; they should also have property management experience.

Salary is negotiable around £14,000, non-contributory pension.

Please write—in confidence—to J. M. Ward ref. B41373.

This appointment is open to men and women.

MSL
United Kingdom Australia Belgium Canada
France Germany Holland Ireland Italy
New Zealand South Africa South America
Sweden Switzerland U.S.A.

Management Selection Limited
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17 Stratton Street London W1X 6DB

Group Assistant Secretary

Legal role ***Sheffield***

The Henry Boot Group comprises a public *holding company with subsidiaries in* construction, engineering, joinery, plant and property in the United Kingdom and a *developing involvement overseas.*

Candidates are invited to apply for the appointment of a Group Assistant Secretary, who will work closely with the Group Secretary and whose key task will be management of and responsibility for legal administration, with progressive participation in a wide range of company secretarial functions.

Candidates must have a degree and/or professional qualifications in law with at least five years professional or commercial legal experience and a proven record in a successful company or other organisation. Some knowledge of international trading would be helpful. The preferred age range is 35 to 45.

The post is located at the Group Head Office in Sheffield. The salary on offer is commensurate to the responsibility of the position; other usual benefits include a Company car, pension, life assurance and medical schemes.

Please write in confidence with brief *personal details and present salary to:*

The Group Personnel Manager,
Henry Boot & Sons Limited,
Banner Cross Hall, Sheffield S11 9PD
or telephone Sheffield 54331 (std 0742)
for further details.

Henry Boot

The Securities Division of the Centrale Rabobank in Utrecht, offers two attractive opportunities:

departmental manager and senior assistant

new issues and syndication department (male or female)

Due to the rapid growth of the commercial activities of our securities division during the last few years, we are looking for two *enthousiastic people with the* expertise to assist us in the further development of the activities in the new issues and syndication department.

Both candidates should have had experience in similar functions and should be fully acquainted with the commercial procedures of such a department.

The manager will be expected to actively represent our bank and its' clients in financial syndications, as well as head an active commercial and administrative team.

The senior assistant will to a large extent work independently, carrying out the usual commercial functions connected with new issues, and at the same time maintain and expand relations with domestic and foreign banking houses.

If you think you might be one of the two people we are looking for we request you to send us your resume, *which will be handled with the* utmost confidence, to the Centrale Rabobank, Personnel Department, P.O. Box 8098, 3503 SE Utrecht, The Netherlands, referring to position number Sp 4627.

The Centrale Rabobank heads a co-operative banking organization with 3100 offices in Holland.

Rabobank

FINANCE DIRECTOR (DESIGNATE)

Derbyshire **neg to £13,000+Car**

Our client is a member of a substantial diversified industrial group with operations world-wide.

Reporting to the Managing Director, the successful candidate will assume total responsibility for the finance function and specifically for the development of existing systems to provide timely and meaningful information. As part of the management team he/she will become involved in all aspects of the profitable development of the company.

Candidates should be qualified accountants, aged in their 30's who have several years experience in a manufacturing environment. Good supervisory skills are essential as is a committed attitude and the ability to communicate effectively with senior management.

For more detailed information and an application form contact Robin F. Taylor, B.A., C.A. or Nigel V. Smith, A.C.A. quoting reference 2563.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS Tel 01-836 9501
121 St Vincent Street, Glasgow G2 5HW Tel 041-226 3101
3, Coates Place, Edinburgh EH3 7AA Tel 031-225 7744

DLA

Financial Comptroller

Europe

The Client

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The Job

Reporting to the Managing Director and Vice-President, based at the European Headquarters, West of London. responsibility for corporate financial reporting and the co-ordination of management information systems, for the direction and control of all financial and accounting activities of overseas operations, and assisting in the evaluation and acquisition of new business. Some travelling will be required.

The Candidate

A qualified accountant with five years' senior financial management experience, preferably in the service industry, with heavy exposure to accounting systems and data processing.
Experience of working in an international organisation is clearly desirable and a good working knowledge of French and German essential.
Remuneration is negotiable in the region of £15,000 p.a., benefits are attractive and commensurate with the senior nature of this appointment.
Comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

F. G. Barratt,
ALEXANDER GRANT, TANSLEY WITT,
P.O. Box 71, 28 Ely Place, London EC1P 1JE.

International Pricing Specialist

C. London **c. £10,000+Car**

This managerial position is with a highly successful international organisation, regarded as the world-leader in its field. Managing the pricing process between associated companies world-wide will be a challenging role, demanding high intellect and considerable diplomacy.

Candidates will be qualified accountants, MBAs or graduates *with over four years commercial* experience, gained primarily in the finance area of a multi-national company. Knowledge of commercial taxation is desirable. Evidence of a creative outlook, and the ability to motivate others is a prerequisite. The likely age range is 27 to 35.

Apply in strict confidence, *by telephone or with a brief CV,* quoting reference RG 2459.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Chief Accountant

c.£10,000+Company car

Crawley **West Sussex**

This is a new and challenging position *in our U.K. headquarters in Crawley,* West Sussex.

Reporting to the company secretary, *your responsibilities will encompass a* wide range of financial accounting and related administrative activities.

As part of a young forward looking management team you will be reporting results and forecasts to management and helping to develop EDP systems in your area.

You should be a *qualified accountant* aged 28-40 with sufficient previous experience, including exposure to U.S. *accounting systems, general administration* and man management to enable you to make an immediate and effective impact *in the job. A planned career move is likely* within two years.

Conditions of employment and fringe *benefits including full relocation* expenses are in keeping with our standing as a multi-national company.

Please apply with full c.v. to Mike Amos, Personnel Manager, U.K., Mallory Batteries Limited, Gatwick Road, Crawley, West Sussex RH10 2PA.

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Ability, enthusiasm, commonsense and sound research will be well rewarded through a realistic salary and attractive profit sharing scheme.

We now wish to expand in a number of sectors principally Oils and Banks but also Textiles and Paper and Packaging.

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indicating the names of any Companies to whom you do not wish your reply to be sent. If the list indicates the Company involved, your application will be destroyed.

FINANCIAL CONTROLLER

Mayfair **to £9,500+car**

Operating as an autonomous subsidiary of a quoted group, our client is a leading publisher of hardback and paperback books, with ambitious development plans.

Reporting to the *Financial Director, the successful candidate* will have total responsibility for the day to day control of the finance function. Of particular importance will be the development of computer based management information systems, and establishment *of financial control over* major publishing projects.

Candidates should be qualified accountants (M/F) preferably with experience in management accounting, and probably aged in their late 20's. The opportunity to join a high growth, fast moving business environment should appeal to those who have the personal skills to control staff, deal with senior management and develop the finance function into a cohesive unit — intelligence, organisational ability, and creativity, therefore, *are essential.*

For detailed information and an application form, please contact either Nigel V. Smith, A.C.A., or Kevin Byrne, B.A., quoting reference 2565.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

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EMA

BUSINESS ANALYSIS MANAGER
Banking

London c£10,000 + low cost mortgage

Responsible to the Head of the Bank's operations division for an administrative and forward planning unit, the Manager will be closely involved in the evaluation of product performance, pricing and costing methodology, budgets, forward plans, communications and computerisation project monitoring and cost control. The necessary development and implementation of sophisticated exception and management reporting techniques will require a creative approach.

Our client, the London branch of one of the world's leading banking groups is undergoing a period of major internal reorganisation and new technique adoption. Aged 28-35, applicants (male or female) should be business graduates or accountants with business, product management and analysis experience, ideally including cost control, and exposure to computers. Please telephone or write to David Hogg FCA, quoting reference I/1859.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR.
Telephone: 01-242 7773

Financial Analysis Managers

W. London to £12,500

Our client is provide one of British industry's success stories of the 70's. Competing internationally in high-technology markets they have an enviable record of growth with further expansion secured by substantial investment in product development. This environment offers excellent career prospects for talented people who can contribute to the management of a large and complex business. Two managers are now to be appointed within the Corporate Headquarters to analyse the plans and performance of operating divisions and identify key issues for management action. They will each control a small team of analysts and must combine technical skills in planning and control with an ability to communicate effectively with operating units. Applicants, male or female, should be qualified accountants or business graduates, around 30, with experience at supervisory level of financial analysis/management accounting in a substantial company. Ref: 793/FT. Apply to R. A. Phillips, ACIS, FCII, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

Chief Accountant
c.£9,500* car + benefits

R. White & Sons Ltd is the soft drinks subsidiary of the Whitbread brewing group. We now have an important vacancy for an experienced man or woman at our East London office.

Reporting to the Financial Director, you will be responsible for 40 staff and day-to-day activities including statutory accounting, financial accounting, sales and purchase ledgers, salaries and wages and cash.

This is a senior management appointment and you will be expected to contribute to the formulation of business policies and objectives.

Applicants, who should be graduates and in the age group 25-40, must have a minimum of 4 years' post-qualification experience in industry, and be able to demonstrate management ability. Previous experience of computerised systems is desirable, and we will encourage career progression within the Whitbread group.

*We offer a starting salary of c.£9,500 to be reviewed in October, which will be supported by the range of benefits expected of a major organisation, including assistance with relocation where appropriate.

Please write to or phone for an application form: Pauline Pryor, Recruitment Administrator, Whitbread & Co Limited, Chiswell Street, London EC1Y 4SD. Tel: 01-606 4455. Please quote ref: SD/2.

WHITBREAD

Divisional Accountant
Essex c.£10,000 + Benefits

Our client, a British-based international company with extensive and world-wide interests, seeks a qualified accountant to fill the newly-created post of Divisional Accountant at their UK complex based in Essex.

As the successful candidate you will be directly responsible to the Divisional Commercial Manager for the preparation of budgets, performance monitoring, cost control and the financial evaluation of commercial decisions. In addition you will be expected to liaise with the Central Accounting and Data Processing functions.

As the right person for this senior post you will be an ACMA (ACCA may be considered) in your early 30s and have at least five years' experience in a manufacturing/commercial environment.

Conditions and fringe benefits are appropriate to a large international organisation of world repute including CPS, AVIS, Flexi-Time, relocation expenses, etc.

Please telephone: Richard May, Chelmsford (0245) 60234
PER, Cater House, 49 High Street, Chelmsford CM1 1DE.

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CORPORATE PLANNING
Group H.Q.
Birmingham

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The Corporate Planning Department is at the Group Headquarters at Sheldon, near Birmingham. The main purposes of the Planning Department are to assist in the formulation of strategy and to co-ordinate the Group's long range planning.

It is intended to appoint a Corporate Planner, who will report to the Planning Manager. Economic studies, market assessments and analyses will be among the work undertaken, which will include the implications for Company policy of the information gathered.

Formal training in corporate planning is not essential, but some experience of the operation of manufacturing companies is necessary. Candidates must possess considerable analytical ability, and have the capacity to work on their own initiative.

An education to degree level in science or engineering is highly desirable.

Candidates, male/female, should write or telephone for an application form to:

R. Withey, Group Staff Manager,
Glynwed Group Services Limited,
Headland House, New Coventry Road,
Sheldon, Birmingham B26 3AZ.
Telephone: 021-742 2366.

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Contact Jim Hewitt on 01-928 3551 or send him a brief CV.

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As a member of the European management team, you will have a close involvement with senior and operational management in Europe, the U.K. and the U.S. group. Excellent career prospects and major group benefits apply; a knowledge of European languages would be advantageous.

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ASTLEY & PEARCE LIMITED

have a vacancy for a Sterling dealer, age early 20's, preferably with 1 or 2 years experience of the money market.

Salary and terms negotiable.

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Telephone: 01-626-2486

EMA

YOUNG CHARTERED ACCOUNTANT
Banking

London £9,500 + low cost mortgage

Our client is a leading international corporate bank with a small and expanding department of high calibre Chartered Accountants and EDP professionals. This department, which has responsibility for the review of procedures and controls applicable to computer systems under development, requires an additional Chartered Accountant.

Career opportunities, either within the banking operations or the financial function, are excellent. Applicants, aged 24-30 (male or female), should have demonstrable EDP systems auditing experience gained in a large professional firm. Please telephone or write to David Hogg FCA quoting reference I/1875.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone 01-242 7773

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OPERATIONS AUDIT
Recently Qualified ACA

London + overseas travel to £11,000

A key member of a small high quality team of Chartered Accountants, the auditor will be based in London and will spend up to 50% of the time in other European countries working on a variety of projects. With an analytical emphasis these projects will include reviews of systems developments, operational procedures, foreign exchange exposure and management information.

Our client is highly profitable and the principal division of a US based international group trading in high value commodities. European turnover is in excess of $3000 million. Aged 26-28 applicants (male or female) should have qualified with a large professional firm. Please telephone or write to Stephen Blaney B.Comm., ACA quoting reference I/1879.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

Banking Appointments Middle East

A major commercial bank based in the Gulf whose international network is growing rapidly is seeking to make the following Head Office appointments:

Assistant Manager - Loans 30,000/35,000 US Dollars
An experienced senior Loan Executive is required capable of creating new business and expert in handling all aspects of international trade financing, multi-currency loans and guarantees, and relevant documentation from initiation to completion. (Ref. 6430)

Eurobond Dealer 25,000/30,000 US Dollars
A Eurobond Dealer is required to join an existing team operating in the Eurobond primary and secondary markets. Candidates should have gained relevant experience with a leading financial institution, be capable of operating a secondary market Eurobond trading operation, and of assisting in primary Eurobond placement activities internationally. (Ref. 6431)

Both appointments carry good prospects. Benefits include free accommodation, a car, free medical care and 45 days holiday per year. Renewable contracts are for 2 years.

Applications in confidence under the appropriate reference to Gerald Brown.

mh **Mervyn Hughes Group**
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants 01-404 5801

FINANCIAL INFORMATION
Development Analyst

Central London **c. £7,000**

Extel Statistical Services Limited, a leading supplier of company and financial information to the City and industry, has a vacancy for a Development Analyst.

This new position will provide an opportunity for someone with financial experience to become actively involved in developing new uses for the Company's information services in computer readable form.

Candidates, probably in their mid twenties to early thirties, should have a keen interest in the City, and a background in financial analytical work or computers would be an added advantage.

Please apply in writing to:
Graham Quick, Director of Editorial Services,
Extel Statistical Services Limited,
37-45 Paul Street, London EC2A 4PB.

Extel

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

BANK EXECUTIVES – NIGERIA

Our client is an established bank in Nigeria under European management. The bank maintains a branch network in Nigeria and seeks to strengthen its management team by recruiting the following officers:—

1. AREA MANAGER — LAGOS to £39,000 Sterling Equivalent
Responsibilities include management of the main branch and five other offices.
It is anticipated that the successful candidate will be in his mid-to-late thirties with considerable commercial banking experience. It is an essential requirement that candidates should be qualified as Associates of the Institute of Bankers or hold a University degree in Business Studies, Accounting or Economics.
Experience in business development in the trade finance field would be very useful.

2. CREDIT MANAGER (Two Vacancies) to £31,000 Sterling Equiv.
Responsibilities involve the management of credit departments, one vacancy in the main Lagos Office and the other in a Regional Office. Good experience in commercial lending is important, either in the U.K. or overseas. Duties will include the review of new and renewal facilities, control of staff in credit department and management of facilities at all stages.
Candidates should be graduates or hold the A.I.B. as in the Area Manager vacancy.

The benefits packages in addition to the salaries mentioned are considerable, including free housing, medical fees, 60 days annual holidays with economy return fares for the family, etc. The initial contract will be for two years, renewable subject to all parties' agreement.

Please contact DAVID GROVE in the first instance.
All enquiries will be treated in strict confidence.

First Floor - entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

International Commercial Lawyer

London

We are a major contracting company, which designs and builds refineries and chemical plants worldwide. We are looking for a lawyer with probably not less than six years relevant post qualification experience who will:

- Have a sound knowledge of commercial law and be able to advise on all other legal aspects of the operations of a large international company.
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The remuneration package is substantial and is geared to attract the right candidate.

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Wembley HA9 0EE.

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Percy COUTTS & Co.
01-839 2271
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PURCHASING OFFICER

for small but developing North-West London Company. Knowledge of Engineering/Electronics would be advantageous. Salary £6,000 p.a. negotiable.

Write Box A.6851, Financial Times, 10, Cannon Street, EC4P 4BY.

CJA RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

An important appointment — scope to advance to a more senior dealing position elsewhere in the world within 18 months - 3 years

CJRA

SENIOR FOREIGN EXCHANGE DEALER

BRUSSELS — **U.S. $50,000—U.S. $70,000**

A LEADING U.S. INTERNATIONAL BANK, ASSETS IN EXCESS OF 20 BILLION U.S. DOLLARS

Applications are invited from Foreign Exchange Dealers, aged 25-35, who have acquired at least 4 years' practical dealing experience and a year or more dealing in spot markets. As part of a team of 5, the successful candidate will report to the Foreign Exchange & Money Market Manager dealing in the main European currencies, including the dollar and yen, mainly in spot transactions. Occasional cross border travel will be necessary. French, whilst not essential, will be an advantage. Initial remuneration negotiable, U.S.$50,000-U.S.$70,000, contributory extra legal pension including life assurance, free medical and full relocation expenses. Applications in strict confidence under reference SFED11487/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

PLANNING SUPERINTENDENTS

Middle East — £11,000+

Gray Mackenzie & Company Ltd., a member of the Inchcape Group of Companies, have openings for Planning Superintendents in a new Research & Development department being set up in a modern port complex in the Middle East.

Strategic Planning Superintendent

Suitable for a business graduate, graduate economist or accountant with a knowledge of corporate strategic planning methods and techniques, and experienced in the evaluation of commercial projects. Ten years of post-graduate experience essential, preferably in a corporate planning role and applicants must have held a line management position. For non-accountants, knowledge of accountancy would be an advantage. Post involves detailed analysis of economic forecasts and liaison with departmental heads on all aspects of port operating programmes and expenditure.

Systems & Procedures Superintendent

Graduate/Professional accountancy qualification required, with an in-depth knowledge of accountancy and administration systems as applied to large organisations. Knowledge of data processing/computerisation an essential attribute and a working knowledge of O & M would be an advantage. Ten years minimum experience in a senior management role in the systems development or management services department of a large organisation. Post will involve compilation of plans and recommendations for introduction of computerised systems/electronic data recording.

Successful candidates will be aged 35-40 and possess a knowledge of statistics and statistical analysis. Salary is in the region of £11,000 + one month's bonus payment for each 12 months complete service. Tours are four calendar months duration, with four weeks leave and return air fares. Food and accommodation are provided, marital status may be granted after two complete tours subject to availability of suitable accommodation.

Please WRITE, giving brief details to: The Personnel Manager, Gray Mackenzie & Company Ltd., 40, St. Mary Axe, London, EC3 8EU.

A member of the Inchcape Group of Companies

GRAY MACKENZIE

Thomas Tilling Limited

A large and diversified international group with 47,000 employees and sales over 1 billion.

YOUNG QUALIFIED ACCOUNTANT

Due to promotion a vacancy has arisen in the Group Accounts Department at Tilling's Mayfair Headquarters. The appointment is as a member of a small team dealing with the financial, management and investment accounting of the Group. The work is varied and interesting and involves close contact with Senior Group Executives.

Candidates should be qualified accountants aged 25/28, technically sound, commercially-orientated and ideally with experience in a large accounting firm. This is an outstanding opportunity for a young C.A. to commence a career in industry.

Please write in confidence giving details of age, education, qualifications and full career and salary progression to: The Chief Accountant.

YOUNG GRADUATE ECONOMIST

This is a vacancy for a graduate ECONOMIST in the Corporate Planning and Investment Research Department. The duties cover a wide range of economic and commercial analysis and forecasting of the UK and overseas economies, and industry and company appraisals.

The successful candidate will be a practical and imaginative economist, aged 24 to 27, with a keen interest in business, at least 2 years experience in UK industry or commerce, a pleasant personality and initiative. A foreign language and/or language aptitude would be advantageous.

Please write in confidence, giving details of age, education, qualifications and full career and salary progression to: Corporate Planning and Investment Research Manager.

Thomas Tilling Limited, Crewe House, Curzon Street, LONDON W1Y 8AX. Telephone: 01-499 4151

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Open to people aged 25 to 60

PEIRS

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You control the hours during the day that you work. A training course that has helped others to achieve a high sales and earnings level. Realistically £100 per week, even working part-time. Interested? Ring Peter Abraham on 0682 325600 9 am to 5 pm or 0455 43929 6 pm to 3 pm for further details.

OPERATIONAL AUDIT

A FAST ROUTE INTO MANAGEMENT

East Anglia — £8,000 — £10,000

Our client is a diverse U.K. chemicals group with extensive development plans and is renowned for a progressive corporate attitude.

The audit function has an independent brief to investigate every aspect of business operations (U.K. and overseas) in terms of profitability, efficiency and operating controls. Their aim is to provide a creative framework where management review takes place with full co-operation at all levels. They will also be asked to aid in systems development, undertake special projects in areas which affect the entire group and review potential acquisitions.

The successful candidate will be a young qualified accountant probably A.C.A. with 1-2 years' P.Q.E. He/she will act as a No. 2 reporting to the Group Chief Internal Auditor. Additional responsibilities will include the planning of audit coverage and actual implementation of the programme. Travel content may vary, but will not generally be excessive. Career prospects are excellent and benefits will include relocation assistance to this attractive rural location.

For further information please contact Kevin Byrne. B.A., or Nigel V. Smith, A.C.A. directly on: 01-836 9501 or write for an application form to the address below quoting reference 2562

Commercial/Industrial Division
Douglas Llambias Associates Ltd.,
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

INVESTMENT ACCOUNTING

ASSISTANT TO CHIEF ACCOUNTANT

Up to £8,000 + attractive fringe benefits

City

Our client is a leading City investment management group controlling assets of approximately £300 million.

An Assistant to the Chief Accountant is required who will join a small team of accountants in preparing and presenting financial and statistical information for the group. Responsibilities will cover the preparation of published accounts and the taxation affairs of investment trusts, investment dealing companies and exempt unit funds.

The successful candidate will be a qualified accountant. In addition to a salary of up to £8,000, attractive fringe benefits include non-contributory pension and house mortgage schemes.

Please send a comprehensive career résumé, including salary history, quoting ref. 995, to W. L. Tait

Touche Ross & Co. Management Consultants

4 London Wall Buildings
London EC2M 5UJ
Tel. 01-588 6644

COMMONWEALTH SECRETARIAT

(COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION)

invites applications from Commonwealth citizens for a one-year assignment as

MARKETING ADVISER

for the export of the Tinkabi Tractor

Manzini, Swaziland

The Tinkabi Tractor is a low-cost machine designed to give small farmers in less developed countries the opportunity to mechanise. It is powered by a reliable 16 hp diesel engine, with hydraulic transmission, and a wide range of ancillary equipment is available.

The Marketing Adviser will be responsible for developing a commercialisation programme for the Tinkabi Tractor to make it self-financing, by investigating existing market potentials in neighbouring countries; and the possibility of franchising its manufacture in other countries in addition to direct export sales. He will also be responsible for the training of local personnel employed on the project.

Applicants should be university trained, with experience in marketing agricultural machinery, preferably in a developing country; and should be able to perform the two tasks of marketing and training in this field.

Basic salary, inducement allowance and gratuity negotiable in the region of £10,000 per annum, free of tax in Swaziland. A housing allowance, education allowances and allowances for shipment of personal effects are among other benefits provided.

Application form and further details from Commonwealth Secretariat (CFTC), Marlborough House, Pall Mall, London SW1Y 5HX. (Tel: 01-839 3441 Ext. 82.)

Solicitors

£5,735-£10,445

We currently have opportunities for solicitors of ability and good educational background to fill two posts in the office of the Board's Regional Solicitor at Eastwood, near Nottingham. Applicants with a wide general experience would be preferred, but newly admitted solicitors, if of sufficient calibre, would also be considered.

The work handled is varied and interesting; it consists of litigation, conveyancing, industrial relations and commercial work as well as work in other fields.

Conditions of Service are attractive and the salary offered would be in the range of £5,735-£10,445 according to merit and experience.

NCB

Please write to J. G. Tyrrell, Regional Solicitor, Eastwood Hall, Eastwood, Notts.

Senior Appointments

ACCOUNTANT FOR MANAGEMENT

North London — c. £8,000 + Car

Our client is a highly profitable, rapidly expanding retail market leader. One of the main objectives of this new appointment is to groom a young accountant for higher management. Initially a really ambitious qualified accountant will participate in all aspects of financial and management accounting within a young management team. Salary is negotiable; fringe benefits are excellent to which a car will be added and the offices are well appointed. Apply in confidence to R. J. Mooney.

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
41 London Wall, London EC2M 5TB · 01-588 5105

MANUFACTURERS HANOVER LIMITED

SENIOR ACCOUNTANT

Manufacturers Hanover Limited, the U.K. merchant bank subsidiary of Manufacturers Hanover Trust Company, is seeking a senior accountant.

Reporting to the Finance Director, the successful candidate will have responsibility for the accounts and computer operation.

Candidates should have the following qualifications:—

- ★ Professionally qualified accountant
- ★ Unlikely to be less than 30 years old
- ★ Several years' experience in financial institutions—preferably in banking
- ★ Experience of working with and/or installing a small computer system
- ★ Ability to manage and motivate people working under pressure.

A generous five-figure salary, negotiable according to experience, and an attractive benefit package is offered.

Handwritten applications should be sent to Mr. J. E. W. Bamford, Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN.

MANAGING DIRECTOR

(Designate)

CONTAINER LEASING £15,000-£20,000 per year

This is a new position to head up and develop a small London based office, of an old established expanding international container leasing company. Applicant must be able to demonstrate a record of success and proven ability and be able to motivate, direct and operate on his/her own initiative. The successful applicant will work closely with and directly report to the non-resident executive Group Chairman.

Usual fringe benefits and exceptional bonus incentive scheme will later be offered to the right person determined to make this a long term career.

Write, giving fullest details including present earnings, to Box A.6852, Financial Times, 10, Cannon Street, EC4P 4BY.

Banking Officer

Europe

A leading international bank has a position for an officer or a potential officer located in Europe and to be assigned to international relationships. A knowledge of the securities industry is highly desirable. The successful candidate will be required to have English as a working language and facility in French and German will be desirable.

Replies to: Universal Media, chaussée de La Hulpe 122, 1050 Brussels, Belgium, under ref. 146.

Systems Support Programmer/Analyst

International Banking – London to £9,500 plus benefits.

Our client, a major U.S. international corporate bank, with many EDP systems both under development and in use requires an experienced individual to help maintain the high standards of systems in its London office.

As part of a small group of EDP professionals and qualified Accountants, you will be expected to make a significant contribution to the following areas.

1) Technical reviews of all aspects of the bank's production computer systems.

2) Installation reviews of hardware and systems software covering IBM 370/138 and 148 mainframes with RJE under CICS/VS.

3) Development and maintenance of audit interrogation software.

4) Review of new business systems.

Well educated to a degree standard or equivalent, you should possess two years' project leading experience, gained in a financial environment, a knowledge of ASSEMBLER and preferably PL/1 programming languages and the ability to communicate effectively both verbally and in writing.

In addition to the competitive salary the bank provides a comprehensive range of fringe benefits, including an annual bonus, low-interest mortgage facilities, non-contributory pension, life and medical insurance plans.

Please write, including a full curriculum vitae and listing any companies to whom you do not wish your application forwarded, to:

Kelvin Whitfield (CRS/130). Lockyer Bradshaw & Wilson Ltd.,
North West House, 119/127 Marylebone Road, London NW1 5PU.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

Project Finance

Our client, one of London's leading Merchant Banks, is expanding its project finance business and requires an executive to undertake advisory and financing assignments in its Project Division.

The most promising candidate for this position is likely to have had experience of international capital markets with an established merchant, commercial or investment bank and be in his or her middle twenties. Knowledge of export finance, financial mathematics and languages, together with a readiness to travel, are all desirable attributes.

Salary is negotiable and the package of employment terms includes mortgage subsidy, non contributory pension scheme, free life assurance and BUPA.

Applicants should write with full career details and experience stating any organisations to which their application should not be forwarded to:–

J. D. Vine, Account Director (Ref CRS/126).
Lockyer, Bradshaw & Wilson Limited.
North West House, 119/127 Marylebone Road, London NW1 5PU.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

ASSISTANT DIRECTOR

An Assistant Director is required to co-ordinate the expanding activities of our Banking Division. These activities include all aspects of Sterling and Currency lending, including Loans Administration, Commercial Banking and the Finance of Foreign Trade.

The successful candidate is likely to be over 35 years of age and educated to a degree standard. Strong practical experience of both basic Banking and Commercial lending is essential as is the ability to adapt this knowledge according to circumstances and customer needs.

An attractive five-figure salary is negotiable and other substantial benefits including a car and private medical insurance are offered.

Written applications with a full curriculum vitae should be sent in confidence to:–
The Personnel Manager,
Standard Chartered Merchant Bank Limited,
33-36 Gracechurch Street,
London EC3V 0AX.

Standard Chartered Merchant Bank Limited
A member of the Standard Chartered Bank Group

C. London **c.£8,000**

yardley

Accounting and Forecasting

This is an excellent opportunity for a young accountant to gain sophisticated financial and management accounting experience at the centre of this leading cosmetics group with operations around the world and which is part of BAT Industries.

As a member of the small head office finance team, you will prepare and review a wide range of reports, monitor budgets and carry out a variety of projects for the Finance Director. You will play a major role in the financial management of Yardley International Limited, in particular by acting as financial co-ordinator with two major regions.

There will be a high degree of accountability for your work and regular contact with senior financial personnel worldwide. The number of senior managers in the UK and overseas who have progressed from this role amply demonstrates the prospects it affords, both in this company and the BAT group.

Contact David K. L. Tod, BSc FCA on 01-405 3499 quoting reference DT/349/AYF

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

Nordic Bank Limited

Nordic Bank Limited, a major London consortium bank, is seeking a manager in its rapidly expanding shipping department.

He, or she, will be responsible for marketing and servicing the entire range of the bank's ship lending services to existing and potential customers in Scandinavia, Greece and the Asia-Pacific Region.

Candidates of preferred age between 25–35 years must have a relevant degree, professional or post-graduate qualification and a minimum of 3 years experience of the euro-currency markets and the shipping industry. Fluency in one other language besides English is essential.

Although initially the appointment will be in London, candidates should expect that in the course of their long term development with the bank they may be relocated abroad. Salary is negotiable together with generous fringe benefits.

Written application should be made to J. C. Clark, Associate Director, **Nordic Bank Limited, Nordic Bank House, 41–43 Mincing Lane, London EC3R 7SP.**

INTERNATIONAL CORPORATE AUDIT

Hertfordshire **neg to £12,000 + Car**

Our client is a multi-national corporation producing and marketing a range of high technology based products on a world-wide basis.

Following the expansion of the corporate audit function, the company seeks to appoint a Senior Auditor who will assume responsibility for carrying out investigations to identify, evaluate and report on areas of financial exposure and maximise the efficient utilisation of systems and controls.

Candidates will be qualified accountants probably aged 27-32, with at least two years' post-qualifying experience auditing large companies with advanced accounting and reporting systems. They will have the maturity and commitment to succeed within a highly motivated team, dealing with multi-disciplined senior management. Successful candidates should have a knowledge of French or German. Prospects for promotion to line management positions within the group are excellent.

For more detailed information and a personal history form please contact Robin F. Taylor, B.A., C.A. or Nigel V. Smith A.C.A. as soon as possible quoting reference 2555.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants.
410, Strand, London WC2R 0NS. Tel: 01-836 9501
131, St. Vincent Street, Glasgow G2 5HW Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Marketing Director

Building Materials **c. £14,000 + car**

An opportunity has arisen for a Marketing Director to join the Central Planning Division of an industrial Group. Initial tasks will be to gain familiarisation with the product range and then to formulate and co-ordinate marketing policies and plans.

The successful candidate will be aged about 35, of graduate level education, and with a background in industrial marketing and sales management at a senior level, or in general management.

Location near London. Salary around £14,000 with company car and good fringe benefits including relocation expenses if required. Ref: K7960/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874
PA
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R. P. MARTIN & CO. LIMITED

International Money Brokers

Are looking for experienced dealers in the following categories to work in London and, if necessary, overseas:

Spot and Forward Foreign Exchange
Currency Deposits

Please apply in writing to:
Personnel Manager, R. P. Martin & Co. Limited,
36/40, Coleman Street, London EC2R 5AN

Senior Cost Accountant

Major opportunity
c.£10,000 + attractive benefits

- Our Client, the expanding UK manufacturing and marketing subsidiary of a major international pharmaceutical company, requires a qualified Senior Cost Accountant who will report to the Financial Controller.
- This outstanding career opportunity will attract accountants of dynamic personality and flair who are ready for a significant career move. The successful candidate, probably aged 26-35 and preferably a graduate, will have sound industrial experience of standard cost systems.
- A high degree of technical competence and the ability to develop a sophisticated computerised costing system are essential. Success in this key position will lead to rapid career advancement, possibly in Europe.
- The appointment is based in a pleasant part of Southern England. Relocation expenses are available to complete an attractive salary and benefits package.

Please write with full career details to R.A. Merrin, Grosvenor Stewart Limited, 15 Tilehouse Street, Hitchin, Herts. Telephone (0462) 55303 (24 hour answering). Please quote ref. 928.

GROSVENOR STEWART
Executive Search and Selection

Accountant

Advertising/Marketing **Central London**

A key job in a group of companies employing some 250 people and providing specialist advertising/marketing/PR and related services.

The role will in due course encompass all aspects of management and financial accounting in a complex and interesting business.

Our client is looking for an accountant with a real interest in effective financial management. Preferably aged 28-40, candidates should be able to demonstrate a record of success in a similar capacity, as well as an understanding of financial data processing — responsibilities include a mini-computer operation.

Skill in maintaining a high level of efficiency within the total accounting function is essential, as is the ability to work effectively with senior management. Salary and bonus will give attractive remuneration, and a car will be provided after a period of satisfactory development.

PERSONNEL ADVERTISING LIMITED
Please write in the first instance, giving brief career history to David Macmillan, Personnel Advertising Limited, 22 Red Lion Street, London WC1R 4PX. All replies will be passed to our client unless we are instructed otherwise. Please quote ref. GRS 551.

INSTALMENT CREDIT UNDERWRITER

City based well established Instalment Credit Group mainly writing larger unit commercial and industrial business seeks experienced Underwriter to take charge of existing team. Finance House experience in the field essential. Above average salary, non-contributory pension and life cover, permanent health insurance scheme, free BUPA cover and luncheon allowance.

Apply in writing in strictest confidence to:
WALTER JUDD LIMITED (Ref. L222)
(Incorporated Practitioners in Advertising)
1a, Bow Lane, London EC4M 9EJ

UNIVERSITY OF THE WEST INDIES TRINIDAD

Applications are invited for the post of SENIOR LECTURER/LECTURER in the DEPARTMENT OF MANAGEMENT STUDIES. Applicants should be experienced in ing. Salary scales 1979/80, Senior Lecturer TT$35,100-44,604 p.a., Lecturer TT$27,072-39,744 p.a. (£1 sterling = TT$5.52). Family passages; FSSU; unfurnished accommodation ii available at 10% or furnished at 12% or housing allowance of 20% of pensionable salary; study and travel grant. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent to the Secretary, UWI, St. Augustine, as soon as possible. Applicants resident in the UK should also send one copy to Inter-University Council, 90-91, Tottenham Court Road, London, W1P 0DT. Further details may be obtained from either address.

GILT DEALER

We wish to recruit an additional Dealer principally for the long end of the Market. This is an opportunity for someone already employed as a junior dealer or a blue button who now feels ready to take on more responsibility. Prospects are good for the right person to develop a career in the long end of the Market working alongside the Senior Dealer.

The successful applicant will be aged 22-30, with some experience in a Gilt environment. We can offer a good salary and benefits coupled with excellent prospects of a successful career in an established Gilt Department.

Please apply in confidence to:

Box A.6854, Financial Times, 10, Cannon Street, EC4P 4BY.

CITY OFFICE OPEN TILL 6 PM DAILY
AND THURSDAYS TILL 7 PM
WEST END OFFICE LATE OPENING THURSDAYS TILL 8 PM

CHIEF ACCOUNTANT

c. £8,500 **WC2**

Our client, a fast expanding Systems House, is seeking a recently qualified Accountant. The successful candidate will report to the Financial Director and will be responsible for the full accounting function (treasury, group accounts, statutory accounts, and computer implementation). Excellent prospects are available for those self starters who are highly motivated. Please telephone quoting ref. FT 0586.

DUNLOP & BADENOCH (Agy)
31 Percy Street, W1 01-323 0886
25 Lime Street, EC3 01-623 3544

db

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

CHAIRMAN'S SECRETARY: c.£6,500

A large merchant bank close to Moorgate Tube Station is recruiting a Bi-lingual German Secretary, with knowledge of French, for its Chairman. Ideally, the suitable candidate will possess 100/50 wpm minimum and be aged 35-45. Previous experience at the above level essential. Benefits include additional bonus and mortgage.

Please contact: DIONE AUSTIN-HARRISON

PERSONNEL ASSISTANT: c.£6,500+

A Personnel Assistant is sought by an overseas bank in WC2. Applicants will have experience of staff interviewing, PAYE (computerised and manual), pensions, typing, etc., and have a mature, sympathetic nature to deal with staff welfare. Salary c. £6,500+ and benefits to include mortgage facilities.

Please contact: MADELIENE ALDRIDGE

First floor-entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

COMPUTER SYSTEMS AUDITOR

Crawley, Sussex **c. £11,000 + Car**

A unique opportunity to control a small team providing a vital service to financial and general management through the continuous upgrading and audit of all business systems operated by a major international contractor as part of a UK public group. Preference will be given to professional accountants and relocation expenses are available.

Call Brian Worthington on 01-248 6321

Personnel Resources Limited 01-248 6321
Financial Appointments Hillgate House, Old Bailey, London EC4M 7HS

TAX PARTNER DESIGNATE

£9-10,000+

Medium-sized practice, central London.
Brian Ingram Agency, 01-458 5313.

TOP PUBLIC RELATIONS CONSULTANTS

required for: The Good Relations Group

The Good Relations Group is one of the country's leading public relations consultancies.

We employ over 60 people offering skilled services in the fields of corporate, consumer, financial, industrial and parliamentary public relations.

In the last two years we alone have grown by over 100% and our client list is the most impressive in the business.

The quality of our consultants is our greatest asset, and we believe they are the best in their respective fields. As a result, finding good people to meet our standards is more difficult than finding good clients.

We are inviting applications, therefore, from public relations consultants who feel they, too, are among the best. If you fall into this category, and we agree – there is an immediate place for you within the Good Relations Group.

Suitable candidates are currently likely to be earning between £10,000 – £20,000 per annum.

Please write giving full details to:

Anthony B M Good
Chairman
The Good Relations Group Limited
15 Adeline Place
London WC1B 3AJ

Accountant – Internal Consultancy Role

From £8500 + 2-litre car

to join the UK operating company of International Distillers and Vintners Ltd., which produces, distributes and sells wines and spirits – well-known brands include Smirnoff Vodka, Gilbey's Gin, Croft Sherry and Hennessy Cognac.

This is a new appointment, reporting to the Home Trade Finance Director, and the successful candidate will carry out a wide range of projects reviewing the operations of various parts of the company and, where necessary, making detailed recommendations for improvements.

Candidates, probably aged around 30, should be qualified accountants, preferably chartered, who possess sound commercial or industrial experience. The ability to deal effectively at senior management level, as well as good verbal and written communication skills, is essential.

Salary is negotiable from £8500. A 2-litre car is provided. First class benefits apply.

Please write with career details, or telephone for an application form, to Colin Gordon, Home Trade Personnel Director, International Distillers and Vintners Home Trade Ltd., Gilbey House, Fourth Avenue, Harlow, Essex. Tel: Harlow (0279) 26801.

EUROBOND SETTLEMENTS MANAGER

Age 28-40 **c. £10,000**

An International Securities House, a subsidiary of one of the world's largest banks, seeks to appoint a fully experienced and dynamic person to the above position. Controlling a staff of six, and using a computerised system on Euroclear, the successful candidate will possess a minimum of 5 years' experience of all aspects of Eurobond settlements, and be capable of playing an important role in the further development of the business.

This is a career opportunity in a growing company, and in addition to the salary, which is negotiable, fringe benefits include a bonus and a car.

Applications in the first instance should be made, by telephone or letter, to Mark Stevens.

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

GUINNESS

Company Secretariat – a challenging and varied career **£7-9,000**

With continuing growth and diversification, career prospects within the Guinness group are outstanding. In order to strengthen the group secretarial department based at Park Royal London, they wish to recruit a young ACIS or qualified lawyer with communicative skills, an enquiring, receptive mind and considerable professional expertise.

Your tasks will be extremely varied and include maintaining a watching brief on UK and EEC legislation, in addition to secretarial duties for a number of subsidiaries.

The benefits are exceptional and include free lunches, 5 weeks holiday and a non contributory pension scheme. Relocation expenses where appropriate will be paid.

Contact Patrick Donnelly on 01-405 3499 quoting reference PD/144/GSF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 31st July, 1979

Job Title	Salary	Location	Advertiser
Chief Accountant	£9,000 + car	Nr. Croydon, Surrey	Extel Recruitment
Taxation Accountant	£8,000	Slough	Wilkinson Match
Chief Accountant	—	London, W1	London & City Trust Ltd.
Financial Controller	£8,000 + car	Croydon area	Palmers Scaffolding Ltd.
Accountant	£9,000	City	IPS Group

For the full text of these advertisements please see the F.T. of that date or telephone Sally Stanley on 01-248 4497.

FINANCIAL DIRECTOR

c. £14,000 + Car

South East

A large autonomous sub-group of a major British international company, requires a Chief Financial Officer. Reporting to the Managing Director, the post has overall central accounting responsibility through his/her own department, as well as, directing the accounting policies and standards of the individual trading units which comprise the sub-group.

Initial objectives will be to review and improve the total information system; develop and strengthen the relationships with line management to achieve a better understanding and use of financial techniques; operate a close and effective liaison with the group's central financial team, covering consolidations, treasury, planning and budgeting; maintain and develop the strength of the experienced and well qualified department, which has been built up over recent years.

This calls for a personable chartered accountant, aged early 30's with a good professional background, followed by several years blue chip experience in industry and commerce. Ideally, this experience should embrace both large and smaller units in the service sector. A detailed understanding of financial control and sophisticated management accounting, is as important as financial and commercial flair.

Benefits include negotiable salary, car, relocation, pension etc. There is some overseas travel.

Candidates, male or female, should send a detailed career history to the consultant advising on this position quoting reference G72/FT.

JWT Recruitment Ltd
Executive Recruitment & Selection
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Ref: GM59/6992/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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London

Age: 28-40 £12,500 – £15,000 negotiable

Our client: a U.S. company, has established a subsidiary in the U.K. to expand its insurance operations, which were formerly managed on an agency basis.

The Manager, Accounting and Finance will report to the Managing Director of the U.K. company and to the Vice-President/Controller of the U.S. company.

The person appointed will direct the accounting and financial activities of the company including the preparation of financial information, monitoring of accounting and financial activities under contract and develop systems including computerised systems.

Candidates must be qualified accountants with sound financial and management accounting experience in an insurance company and some experience in computerised systems.

Please send a comprehensive career résumé, including salary history, quoting ref. 994. to W. L. TAIT

Touche Ross & Co. Management Consultants
4 London Wall Buildings,
London EC2M 5UJ
Tel: 01-588 6644

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One permanent position and a two month temporary assignment — salary pro rata. Suit early retired banking officer.
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Aged 25-30. To assist chief accountant. Good previous banking experience of Bank of England returns, head office and management reports, balance sheets, profit and loss accounts, reconciliations and allied duties.
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Experience of balance sheet spreads, preparation of summaries, credit written experience. Euro-currency lending and good all-round banking experience desirable.
Salary to £7,000

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With experience of bank accounting and computer systems.
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Ask
Della Franklin 01-248 6071
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78 Queen Victoria Street, EC4

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The Group Finance Department has a vacancy for an additional member of the financial management team as a result of the continuing expansion of the Group. Applicants, who will preferably be aged 24-28, will have had at least 2-3 years' corporate finance experience in a leading merchant Bank or commercial enterprise.

Applications, enclosing a full job history, to:
Mrs. S. Chapman, Personnel Manager
Sotheby Parke Bernet & Co.,
34-35 New Bond Street, London W1A 2AA
Telephone: (01) 493 8080

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Finance Company establishing branch in off-shore UK seeks experienced banker (A.I.B. or F.I.B.) to establish and develop a branch offering comprehensive services. Candidates should have sound commercial acumen, and a personality which is complementary to the position. Accommodation/allowance provided. Salary and terms by discussion.

Write Box A.6849, Financial Times, 10, Cannon Street, EC4P 4BY.

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33-year-old man with extensive agency, client and publishing experience seeks entrepreneurial/development position. International co-ordination preferred. No objection to overseas base.
Write to Box A.6853, Financial Times, 10, Cannon Street, EC4P 4BY.

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Early 30s, now with New York Fortune 50 company, seeks corporate finance position. Experienced in treasury, financial planning, capital structure of markets. Available for London interviews August 20-31.

Write Box F.1130, Financial Times, 10, Cannon Street, EC4P 4BY.

ARABIC/ENGLISH/FRENCH SECRETARY

Egyptian girl, 27 years, B.A. in Sociology, trilingual in Arabic, English and French, seeks a permanent post in UK. Has worked for a U.S. Government research unit and an embassy in Cairo. Currently secretary to British Director of an Anglo-Arab company in Cairo. Sound attitude to business, decisive, pleasant personality.

Replies to Box A.6850, Financial Times, 10 Cannon Street, EC4P 4BY.

VACANCIES FOR SYSTEMS ANALYSTS IN NIGERIA

The National Population Bureau in Lagos, Nigeria, requires the services of Systems Analysts to fill the following vacant posts:—

(i) Chief System Analyst, GL.14; N9168 to N10128 per annum

(ii) Assistant Chief Systems Analyst, GL.13; N8064 to N9024 per annum

DUTIES:

(i) The Chief Systems Analyst as head of the Computer Services Division, will:

(a) Plan and participate in Management Education in systems and data processing concepts;

(b) review requests for data processing services and their impact on current and planned resources;

(c) evaluate new hardware and software technology and assess applicability to requirement of the organisation;

(d) report to management regarding performance of personnel and equipment resources, and identify significant trends.

(ii) The Assistant Chief Systems Analyst will assist the Chief Systems Analyst in his duties, including supervision of other staff in the Division, and in planning the Division's activities and budgets. He also acts as the Chief Security Officer of the Unit.

QUALIFICATION AND EXPERIENCE:

Candidates should possess a degree in Computer Sciences, or a good honours degree preferably in Sciences, or Social Sciences with Statistics as a special subject. Some exposure to Computer System is desirable. They must also have had training in Advanced Management practices, skills and concepts; Administrative Management; Project Control; Supervisory Techniques; Quantitative Methods; Resource Management; Budgeting and Planning; and Corporate Management policies. In addition to the above,

(a) The Chief Systems Analyst must have had 10 years' post-graduation working experience and held the post of Chief Systems Analyst for at least one year under a reputable Computer establishment;

(b) The Assistant Chief Systems Analyst must have had 8 years' post-graduation working experience one year of which must be in the capacity of Assistant Chief Systems Analyst under a reputable Computer establishment. Whilst training in Corporate Management Policies is not compulsory, candidates should have received training in Advanced Analysis and Design Techniques.

CONDITION OF SERVICE:

Both posts are pensionable and new entrants to the Public Service will normally be on probation for two years. Other conditions will be as prescribed for the time being for officers of equivalent grades in the Federal Public Service. Interested candidates should write for or collect Application Forms from the:—

Nigeria High Commission,
Recruitment Section,
9, Northumberland Avenue,
London, WC2N 5BX.
Tel: 839 1244 Ext. 308 or 106

One copy of the completed forms should be returned to the same address not later than 31st August, 1979, while the second copy is immediately sent direct to:—

The Secretary,
Federal Public Service Commission,
P.M.B. 12586,
Lagos, Nigeria.

COMPANY NOTICES

Tokyu Department Store Co., Ltd.
US$15,000,000 6% Convertible Bonds due 1992

To the Bondholders:

We, Tokyu Department Store Co., Ltd., hereby notify that, as a result of an issuance of shares of its common stock, evidenced by European Depositary Receipts issued on 31st July, 1979 London time, at the price of Yen 389 per share, the Conversion Price of the above-captioned Bonds has been adjusted pursuant to Condition 5, paragraph (C), sub-paragraph (v) of Terms and Conditions of the Bonds from Yen 425 to Yen 420.30 per share, effective as from 2nd August, 1979 Japan time (1st August, 1979 in Europe).

Tokyu Department Store Co. Ltd.,
24-1, Dogenzaka 2-chome
Shibuya-ku, Tokyo, Japan.

2nd August, 1979.

NOTICE TO BONDHOLDERS
Republic of Iceland 12,000,000 European Units of Account $9\frac{1}{4}$% 1976/1986 Bonds

Pursuant to the provisions of the Purchase Fund notice is hereby given to Bondholders that no Bonds have been purchased during the twelve-month period from July 16, 1978 to July 15, 1979.

Amount outstanding: UA 12,000,000.
August 2, 1979.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

SOCIETE GENERALE ALSACIENNE DE BANQUE
$US20,000,000.— FLOATING RATE NOTES DUE 1991

For the six months, July 13, 1979, to January 14, 1980, the notes will carry an interest rate of $10\frac{11}{16}$% per annum.

The interest due January 14, 1980, against coupon No. 1 will be $US55.86 and has been computed on the actual number of days elapsed (186) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
Luxembourg.

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Friday, 24th August, 1979 for the preparation of warrants for a special interim dividend of 27.184p per Ordinary Share, payable on 1st October, 1979.

For transferees to receive this dividend, transfers must be lodged with the Company's Registrar, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA, not later than 3.00 p.m. on 24th August, 1979.

SHARE WARRANTS TO BEARER

The Coupon to be presented for the above dividend is No. 160, which must be left at Lloyds Bank Limited, 39 Threadneedle Street, London EC2R 8AU, at least five clear days for examination, or may be surrendered through MM. Lazard Frères, Paris.

By Order of the the Board,
G. J. OKELL, Secretary.
Shell Centre,
London SE1 7NA.
1st August, 1979.

THE GREENCROFT ESTATE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the above Company for the year 1979 will be held on Thursday, 6th September, 1979 at 12.00 hours at the offices of
MESSRS. WILKINSON MARSHALL CLAYTON & GIBSON,
27 Grainger Street,
Newcastle upon Tyne,
in order to receive the Directors' Report and Statement of Accounts and the Auditors' Report thereon, to declare a dividend, to elect a Director, and to appoint Auditors.

Any member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy, who need not be a member of the Company, to attend and vote on his or her behalf.

A. E. CHARLESWORTH, Secretary.
22 Ellison Place,
Newcastle upon Tyne, NE1 8XT.
25th July 1979.

ART GALLERIES

BROWSE & DARBY LTD., 19, Cork St., W.1. KEITH GRANT—RECENT PAINTINGS. "A WINTER JOURNEY."

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HAMILTONS, 13, Carlos Place, nr. Grosvenor Square, W.1. 499 9493/4. A mixed exhibition, including the work of Gino Hollander, Eitel, and Dayez. Decorative pictures at reasonable prices. 9.30-5.30, 10.00-1.00 Saturday, 2nd August-31st August, 1979.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. At 30 Bruton Street, London, W.1. Tel. 01-493 1572.

LUMLEY CAZALET, 24, Davies St., W.1. 499 5058. 20th CENTURY ORIGINAL PRINTS—Chagall, Matisse, Miro, Picasso, etc.

MALL GALLERIES, The Mall, S.W.1. PASTEL SOCIETY 80th ANNUAL EXHIBITION. Daily (inc. Suns.) 10-5. Until August 14th. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. EGON SCHIELE. Exhibition of watercolours and drawings, until 31 August. Mon.-Fri. 10-5.30. Sat. 10-12.30.

OMELL GALLERIES, 22, Bury Street, St. James's, S.W.1. 19th CENTURY ENGLISH AND CONTINENTAL OIL PAINTINGS. Our current stock comprises over five hundred selected works with prices from £400 to £70,000. Write now or telephone 01-839 4274-5 for a complimentary copy of our SUMMER CATALOGUE.

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PUBLIC NOTICES

CITY OF SWANSEA
£880,000, 91 day bills issued 1 August 1979 to 31 October 1979 at $13\frac{1}{8}$ per cent p.a. Applications totalled £9.65m. Outstanding £0.88m.

HAMPSHIRE COUNTY COUNCIL
£5m. 91 day bills issued 1 August 1979 to 31 October 1979 at $13\frac{1}{8}$ per cent p.a. Applications totalled £45m. Outstanding £39m.

OLDHAM METROPOLITAN BOROUGH
£3.3m. 91 day bills issued 18 July 1979 to 17 October 1979 at $13\frac{11}{32}$ per cent. Applications totalled £26.1m. No other bills outstanding.

هكذا من الأصل

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All business will be TRANSACTED AGAINST 100% CASH PAYMENTS, commodities, materials and professional services. Since AMEUR CONSULTANTS, INC., NEW YORK, will be acting as PRIME CONTRACTORS AND SUPPLIERS in all the above items, selected parties will be listed subject to an observation and evaluation of their past performance by way of independent specialists. The specialists fees to be borne by the interested parties and not by Ameur Consultants, Inc., or their group, with NO OBLIGATIONS AND NO COMMITMENTS. Principals at decision and policy making level only (no intermediaries) should contact for appointment:—

AMEUR CONSULTANTS INC.
575 Madison Avenue, Suite 1006, New York 10022
Phone: 212-486-1487 — Telex: 237699 and 125864

Interested parties are advised to read the business terms carefully before responding. Copies of all correspondence should be sent to our associates:

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MSC Manpower Services Commission

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Jim Byrne,
Director of Studies,
MBS International Centre for Banking & Finance,
Booth Street West,
Manchester M15 6PB. Tel: 061-273 8228.

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APPOINTMENTS

Two Board posts at BOC International

Mr. Donald Reich and Mr. David Craig are to join the Board of BOC INTERNATIONAL on October 1. Mr. Reich will succeed Mr. Richard Giordano as president and chief executive officer, Arco Inc. when Mr. Giordano takes up his appointment of group managing director and chief executive officer of BOC International. Mr. Craig is to be one of two deputy group managing directors. He will be responsible for the group planning and operations staff.

In addition, Mr. Paul Bosonnet, who has been a director of BOC International since 1975, will take up the position of the second deputy group managing director and will be in charge of finance and administrative staff. Mr. Reich will continue to be based in Montvale, New Jersey. Mr. Bosonnet and Mr. Craig will operate from London. All three report to Mr. Giordano.

*

Mr. Gwyn Davies has been appointed development director of the WALES TOURIST BOARD, a post previously held by Mr. Eirion Lewis, now the IBA regional officer for Wales and the West of England. Mr. Davies will move to Wales from his present position as director of regional development of the Highland Regional Council, Scotland. Mr. B. E. Arthur, at present director of leisure services for Restormel Borough Council, is the new director of projects of the Wales Tourist Board. He succeeds Mr. Stanley Williams, who recently left the Board to set up his own consultancy business.

*

Mr. Philip W. M. Oxford has been appointed a director of GLANVILL ENTHOVEN (OVERSEAS).

*

Mr. J. C. S. Mills has been appointed to the Board of HILL SAMUEL AND CO. on resuming his duties as western regional director of the bank in Bristol following his return from the Middle East where he was general manager of the National Bank of Ras Al-Khaimah.

*

Mr. J. L. Dell, PANAVIA manager, flight operations, has been appointed director of flight operations. He succeeds Mr. R. P. Beamont, who has retired. Panavia is the international company of which British Aerospace is a member, building the Tornado multi-role combat aircraft. Mr. Beamont is one of the most widely respected figures in international aerospace, his career to date having spanned 40 years. He was the first British pilot to exceed M:1 in a British aircraft (P.1) in level flight, made the first flight by a British aircraft at M:2 (Lightning), and set three Atlantic records in the Canberra.

*

Mr. Mike Colgan has been appointed European vice-president and general manager of Harris Press and Shear division of AMERICAN HOIST AND DERRICK COMPANY.

*

Mrs. S. E. Bennett has been appointed chairman and managing director of D. G. BENNETT CHEMICALS and Mr. J. A. Allen and Mr. E. R. Ward have been made directors. Mr. F. J. L. Skeens remains executive director and is joined by Mr. I. R. Humphrey.

*

Mr. P. C. Venus has been appointed company secretary of HOWSON DEVITT (NORTH AMERICA), part of the Devitt Langton and Dawnay Group.

*

Dr. Keith W. Humphreys has been appointed corporate managing director of CIBA-GEIGY PLASTICS AND ADDITIVES COMPANY and becomes a member of the Board of CIBA-GEIGY (UK). He succeeds Mr. R. H. Wilson who continues as a Board member of CIBA-GEIGY (UK).

*

Mr. Stanley J. Purdy has been appointed general manager of STAUFFER AGROCHEMICALS responsible for marketing.

*

Mr. W. F. Yate has been appointed to the Board of LOPEX. He is the founder and chairman of the Purchasepoint Group which joined the Lopex Group in November, 1978.

Mr. David Coveney, general manager of Kratos Scientific Instruments, Manchester, has been appointed managing director of KRATOS LTD. in the UK.

*

Mr. Hiroshi Otaka has been appointed general manager at the London office of NIPPON KOKAN KK. He replaces Mr. Ishihara, who is returning to Tokyo to join the company's export ship business department as general manager.

*

Mr. Donald M. Waters has joined the Board of GRAMPIAN TELEVISION. He has been company secretary since November, 1975.

*

Mr. H. N. Broadhurst has been appointed to the Board of the conveyor belting division of the FENNER GROUP.

*

Mr. Michael Johnstone has been appointed financial director of A. J. BINGLEY.

*

Miss Maralin Belchère has been appointed chief accountant of the BRITISH RED CROSS SOCIETY. She succeeds Mr. Charles Whitehead, who has been with the Society for over 33 years.

*

HOARE GOVETT UNIT TRUST ADVISORY SERVICES has made the following changes in management: Mr. Bryan Baughan, a principal of Hoare Govett, is to be managing director and Mr. John Savage will become manager, in place of Mr. Robin Boyle, who has left the company.

*

Mr. Richard A. Martin, divisional director, has been appointed to the Board of MARKETING IMPROVEMENTS, a member company of the Management Consultants Association.

*

Mr. Christopher K. Symington has been appointed a director of RICHARDS with special responsibility for marketing. He joined the company in 1969 and in December 1976 became general sales manager in charge of all yarn sales.

*

Mr. D. M. Whitney has been appointed to the Boards of NOVAMARK and Novamark International Development Corporation, a newly-established New York subsidiary.

*

Mr. Michael Caine has now succeeded Sir George Bishop as chairman of BOOKER McCONNELL. Mr. Caine has been chief executive of the company since 1975.

*

Mr. Gordon Scott, managing director and chief executive of TRIDENT GENERAL INSURANCE COMPANY, retires from those posts tomorrow and will be succeeded by Mr. Frank Noyes as chief executive. Mr. Noyes became a member of the Board in 1972 and has been non-executive deputy chairman since 1976. Mr. Scott will continue with the group as a Board member of both Trident General and Trident Life, and as a consultant to Trident General.

*

Mr. K. St. J. Robinson will become general manager of NORTHERN STAR INSURANCE COMPANY and its subsidiary Europa Insurance at the beginning of September. At the same time he will join both Boards.

*

Mr. David Heathcock has been appointed managing director of C. G. PAXTON. Mr. Graham Pointon has been elected to the Board of HAWKE CABLE GLANDS from the same date. The parent concern is McKechnie Brothers.

*

Mr. Arnold Fieldhouse, leader of Greater Manchester Metropolitan County Council, has been elected a deputy chairman of the ASSOCIATION OF METROPOLITAN AUTHORITIES. He replaces Mr. John Taylor, West Midlands, who is now a member of the European Parliament.

*

Mr. Brian Smith has been appointed sales director of DAF TRUCKS (GB). Mr. P. F. Cutmore has become service director, Mr. C. Grant finance director, Mr. J. Ruane parts director, and Mr. C. Thorneycroft-Smith, marketing director. Mr. Smith joins DAF from Chrysler Dodge.

CONTRACTS

Middle East order for Geoprosco Intnl.

A contract worth over $20m (£8.07m) for maintenance and repair of oilwell rigs in Abu Dhabi has been won by Geoprosco International, a member of the Trafalgar House Group.

Operations, which begin in September are due to last between two and three years. The contract has been placed by the Abu Dhabi company for Onshore Oil Operations.

Geoprosco is investing $16-$18m (£6.95m-£7.79m) in new workover rigs which are specifically designed for use in desert terrain. With the new contract, the company will have a total of seven oilwell rigs in Abu Dhabi.

*

HIGGS AND HILL BUILDING has been awarded a £4.2m contract by Du Pont (UK) for the construction of new facilities at Wedgwood Way, Stevenage. The contract is for a four-storey office block and a single-storey technical education centre, plus ancillary buildings, car parks and landscaping.

*

A £1.3m contract has been awarded to HADEN YOUNG for the design and installation of all mechanical, electrical, plumbing and fire protection work in the new Arndale shopping centre at Eastbourne. Work is scheduled for completion in autumn 1980.

*

EUC TRUCKS of Southam has received an order for three R-100-tonne trucks from A. F. Budge of Retford. The order is worth over £800,000 and the trucks are scheduled for delivery in October 1979. R100s have been purchased to operate with a 195B 9M? electric mining shovel which will be the prime mover on the 4.16m-tonne Kingswood opencast coal site in Staffordshire.

*

CLUGSTON CONSTRUCTION has been awarded a contract worth around £700,000 for the construction of a warehouse extension at United Biscuits (UK) Great Coates factory. The work involves the erection of a twin-span single-storey steel portal framed extension to an existing warehouse.

*

TEMPERED SPRING, a member of the Associated Engineering Group, has been selected as one of the main suppliers of the front stabiliser bar by Peugeot for its 505 model. The contract is estimated to be worth £500,000 a year in export sales.

LOMBARD

The risk must carry rewards

BY KENNETH MARSTON

LET LOOSE a pair of academics amid a welter of statistics and you may well be on the receiving end of some apparently irrefutable conclusions which defy what you have always regarded as rhyme and reason. The major mining group, Conzinc Riotinto of Australia has done just this.

It commissioned a study of the risks and returns of investment in the Australian mining industry by two professors of the Australian Graduate School of Management in Sydney. The purpose of the exercise was to clear up misconceptions on the subject by those who look upon the industry generally as a golden goose.

The professors did their work with painstaking care. Minutely, they calculated the performance of every share traded on the Sydney mining board at any time over a 253-month period running from January 31, 1958, to February 28, 1979. Their task involved the study of 1,029 securities, ranging from the blue chips to the penny dreadfuls.

They collected and verified no less than 50,000 share prices and calculated the month-by-month history of returns on each share. This involved the *taking into account of such* factors as dividends, capital gains/losses, the value of scrip and rights issues and adjustments for capital contributions.

New index

Then they constructed "a market-wide index of returns designed to correctly reflect the *experience of all mining equities* taken together." These labours showed that over the 21 years the index had risen by 1,122.56 per cent.

And what did this prove? The answer was that the annual rate of return on Australian mining investments over the period was no more than 11.9 per cent—virtually the same as that for industrial and commercial equities which carry only about half the risk element that attaches to mining issues.

Nobody doubts that, despite this, the mining industry will *continue to soldier on as it has* always done or that its winners will still reap high rewards. And CRA, which is heading for a forecast "healthy increase" in profits this year thanks to the better metal prices, has not gone so far as to say that it is in the wrong business.

However, it is true to say that there have been long periods in *recent years when mining* companies the world over would have made more money by going into the short-term loan market.

And the study underlines the unfairness, and undesirability of subjecting the mining industry to extra "windfall" taxation in times of high prosperity and leaving it to carry on as best it may when *the metal price* pendulum swings the other way.

Mining has always been a difficult business and it is growing more so. While exploration costs, like all others, have soared, the odds on finding a viable ore deposit have not improved—something like only one in two hundred prospects examined really rings *the bell*.

Most of the more easily recognisable plum deposits near to existing infrastructure and communications have been found. Nowadays the explora*tion teams have to range* further afield into the more remote parts of the world to seek what are often only marginal grade deposits. Even in these areas there are the *objections of the formidable* environmental lobby to be overcome.

Huge sums

Raising the *huge* sums of *risk* capital required for the next generation of mines which will have a lead time to production of anything up to *nine years is* not going to be an easy task. In the cases of projects in developing countries which are unable to offer guaranteed security of capital it has already become well nigh impossible.

Fortunately, attitudes of some governments are beginning to change and not only in regard to taxation. Australia, for example, has softened what has been regarded as a hostile approach to overseas companies investing in her natural resources.

It may be argued that a more *rational approach in the past to* the question of incentives might have eased the critical energy situation that obtains today. It could well save us from a crisis of inadequate supplies of metals and soaring prices in the 1980s.

A Commission out to net all the powers

THE FRENCH trawler Cap Caval was boarded while it was *using nets with a mesh smaller* than allowed by British regulations and its Master, M. Emile Maréchal, was brought before the Pembroke magistrates on October 4, 1977. It was established that the fish in the hold of his vessel consisted of 2.9 tonnes of white fish and 1.8 tonnes of prawns.

British regulations allow the carrying of small-mesh nets for taking certain unprotected species such as prawns on condition that the protected species — white fish in this *instance — do not represent* more than one fifth of the total catch. In the case of M. Maréchal, white fish amounted to three fifths of the catch, and he was sentenced to a fine of £150 plus £50 costs.

The smallness of the fine in relation to the value of the white fish caught makes it obvious that no particular daring is required for transgressing the British fishing regulations. M. Maréchal could be quite happy with the outcome of his trip.

However, the French government has taken up his case and brought the United Kingdom before the European Court claiming (in Case 141/78) that the British Fishing Nets (North-East *Atlantic*) Order 1977 is illegal under Community law. It was joined by the EEC Commission claiming that by failing to seek the Commission's approval for this order the UK has defaulted on *its obligations* under the EEC Treaty.

All this appears to be at first glance nothing more than the now familiar squabble over fishing rights. But a close scrutiny of the arguments employed by the Commission's lawyers reveals that these Captains Courageous aim at obtaining for the Commission a *complete freedom to say* what is and what is not the law.

To appreciate the enormity of the claim advanced by the Commission in this case, it is necessary to describe first the framework within which it is made. The British 1977 fishing nets order was made on the basis of the North-East Atlantic Fisheries Convention of 1959. Though the British Government, together with other member states of the Community, denounced the convention in 1977, it made it clear that it was the machinery of the convention and not the recommendations made under it which required overhauling. In any case, the recommendations could not cease to be effective before the date on which the denunciation was made, namely December 31, 1977, and the disputed order was made in March of that year.

One of the convention recommendations, that when small-*mesh nets are used,* the by-catch of protected fish must not be more than a quarter—later reduced to one-fifth for EEC waters by the EEC Council—relates to industrial fisheries. But the British Government argues that there is no reason why the rule should be different if the catch is made for human consumption. Accordingly, it introduced this condition in the order under which M. Maréchal *was sentenced* by the Pembroke magistrates.

It is undisputed that the Community has full power to adopt measures for the conservation of fisheries stocks as well as entering into international agreements with third countries. Since The Hague resolution of the Council of Ministers adopted on October 30, 1976, the Community has started to take conservation measures, but so far these are *limited only to* certain areas and certain species of fish.

The powers of the Community in this field were confirmed by the European Court judgment of July 14, 1976, in *Cornelis Kramer and Others* with the proviso that as long as the Community has not taken appropriate measures, member States may adopt non-discriminatory national conservation measures which do not run counter to EEC policy. This freedom of the member states to act in the field not covered by Community measures has been somewhat restricted by The Hague *resolution which under* Annexe VI requires member states to seek the Commission's approval for such measures.

The Commission now maintains that the words "seek the approval" means that member states must first *obtain* the approval of the Commission. The UK denies this and argues that its view was confirmed by the Commission's observations in the Irish Fisheries case (No. 61/77), by declaration made by it in the European Parliament and by the fact that several member states introduced such measures without having first obtained the Commission's approval.

Another point of dispute between the Commission and member states was (until recently) whether the time limit for unilateral fisheries' measures defined in the accession treaties as extending "until the sixth year" after the entry of Britain, Denmark and Ireland meant until the *beginning* of 1978 or *end* of 1978. This has been resolved by the European Court in the Dutch Sole and Plaice judgment of July 3 1979 (cases 185-204/78) in favour of the later date.

Viewed as a dispute about the conservation of fish stocks this litigation appears utterly ludicrous and nonsensical. It is the Community's declared policy that fish stocks must be conserved. Indeed, the proposals submitted by the Commission in January of this year and agreed by the Council of Ministers on June 25 to take effect from September 1 are more severe *than the disputed British order* of 1977. But then, the Commission is even now considering whether to challenge another British measure increasing the permissible mesh size from 70 to 80 millimetres, merely because it anticipates the Community measure by two months. It is clear that the purpose of the present litigation and of that planned for the *future is* not fish conservation, but the assertion of Commission's power and not only in fisheries.

The Commission argues it *has no need to rely on the inter*pretation of The Hague resolution to establish that the member States have not only to *seek* but also to *obtain* the approval *of the Commission* before adopting national measures. It now claims that such a duty is imposed on the member States by Article 5 of the EEC Treaty which in a very general way says that member States should facilitate and not hinder the attainment of the objectives of the Treaty.

When Article 5 requires member States "to ensure fulfilment of the obligations . . . resulting from actions taken by the institutions of the Community," this cannot be confined, the Commission argues, to acts of the Commission or the Council which have the form of *regulations, directives* and decisions. Moreover, even if there is no specific action the Commission insists that Article 5 makes it clear that member States have a general legal obligation to act in a way consistent with the objectives and spirit of the Treaty.

The case of the Commission *is not that the mesh of the fish*ing nets should be smaller or that a greater proportion of the by-catch of white fish when using the small-mesh nets should be allowed. Its case is that the duties of the member States are not confined to the duties specified in the Treaty and in the regulations, directive and decisions made under it. *They have a general duty to* proceed by common action, to honour moral and political commitments and to co-operate in achieving common objectives.

In plain language they should obtain the Commission's approval before they even sneeze. What else but to turn to the book of Job where it says *"and he smelleth the battle afar off, the thunder of the captains, and the shouting . . . but his delight is in the law of the Lord."*

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

Marathon Gold can foil Irish

RACING

BY DOMINIC WIGAN

A SMALL but select field of *seven runners goes to post for* today's Lanson Champagne Stakes and it will be a shock if the winner is not Peter Walwyn's Marathon Gold. Johnny O'Day and London Bells.

Reports from Ireland suggest Johnny O'Day is the country's fastest juvenile and those powerfully made colt showed that he comes into the highest category *when scoring at Leopardstown* on July 14. Johnny O'Day outclassed several previous winners in the Hennessy VSOP Stakes over seven furlongs with plenty in hand of market rival, Nazwa. *However, his time of* 1 minute 30.7 seconds was slow considering the conditions.

Fellow Irish challenger London Bells, runner-up at 2½ lengths to Varingo in the Coventry Stakes, later lost his maiden certificate in no uncertain fashion at The Curragh, running out an eight-lengths winner of a minor event. In the process, he lowered The Minstrel's course record.

The home team's main hope is undoubtedly Marathon Gold. This handsome bay overcame greenness to beat Heavenly Ruler by a neck in Ascot's six-furlong Fenwolf Stakes.

Marathon Gold is sure to be suited by the additional furlong of today's event and can provide Henry Cecil with his 65th winner of the campaign. London Bells is preferred to Johnny O'Day for forecast purposes.

Just over an hour after this race, Cecil and leading jockey Joe Mercer should be back in the winner's enclosure with Le Moss, following the Goodwood Cup. Although Ascot Gold Cup *winners have on several occa*sions in recent years failed to complete the Goodwood Cup double, I can see no similar fate befalling Le Moss.

Travelling well within himself at the royal meeting, the Warren Place chestnut brushed aside his stable companion. Buckskin when asked to go at the two-furlong marker. If Le Moss reproduces that form he will account for Nicholas Bill.

Araphos, third in the Gold Cup, was a further five lengths behind Buckskin. He would prefer softer ground and I cannot see him troubling the favourite.

The King George Stakes is always a fascinating affair and I expect Ahonoora and Greenland Park will provide a thrilling finish. Both these sprinters have already shown their liking for the course, but my narrow preference is for Ahonoora.

Earlier in the afternoon, in the Selsey Stakes, backers may be best advised to side with Hard Fought.

GOODWOOD
2.15—Hard Fought***
3.45—Marathon Gold*
3.20—Glenhawk
3.50—Le Moss
4.20—Ahonoora**
4.50—Northleach

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.30 Roobarb. 9.35 Jackanory. 9.50 C.B. Bears. 10.10 Why Don't You . . . ? 10.35 The Flashing Blade. 11.25 Cricket: Second Test—England v India. 1.30 pm Playboard. 1.45 News. 2.10 Cricket: Second Test. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Scooby Doo. 5.10 Play Away. 5.35 Captain Pugwash.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.45 Holiday Report
6.55 Dr Who
7.20 Top Of The Pops
8.00 Clitheroe Smith
8.30 The Persuaders
9.00 News
9.25 The Duke
10.15 Person to Person
10.55 Shirley MacLaine asks Where Do We Go From Here?
11.45 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 10.55 Frank Sinatra A Man and his Music (part 2). 11.45 News and Weather for Scotland.

Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.45 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University
11.00 Play School
2.30 pm Glorious Goodwood
4.30 Cricket: Second Test—England v India
6.30 Open University
6.55 *Classic Curling*
7.25 Mid-Evening News
7.35 Landscapes of England
8.00 The Schools From from the Royal Albert Hall
8.30 The Paper Chase
9.20 "For A Few Dollars More," starring Clint Eastwood
11.25 Late News
11.40 Cricket: Second Test (highlights)

LONDON

9.30 am Naturally Scottish. 9.45 Writers' Workshop. 10.05 Paint Along With Nancy. 10.30 A Big Country. 10.55 Little House On The Prairie. 11.45 Mystery Island. 12.00 Animal Kwackers. 12.10 pm Stepping Stones. 12.30 Emmerdale Farm. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon plus At Home. 2.25 Racing from Redcar. 3.50 Quick On The Draw. 4.20 Project U.F.O. 5.15 The Squirrels.
5.45 News
6.00 Thames News
6.35 Star Gardens
6.35 Crossroads
7.00 Sapphire and Steel
7.30 This England
8.00 Quincy
9.00 Jack On The Box
9.30 Shelley
10.00 News
10.30 Miss Universe 1979
11.45 What The Papers Say
12.00 The Andy Williams Show
12.25 am Close: Actor Hugh Morton reads from Brother Roger of Taize

All IBA Regions as London except at the following times:

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

Radio Wavelengths

RADIO 1

RADIO 2

RADIO 3

RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,037

ACROSS

1 Bird with beast, rambling and incredible (4-3-4)
7 & 28 Forgive fellow after fish (6)
9 Disinfectant in bubbly solution (5)
10 Find out when sure (9)
11 To grind rock could be a very heavy burden (9)
12 Home with weed round us (5)
13 Canvas holder for wine cask (4-3)
15 Indicate it's not Oriental (4)
18 Burden on you and me (4)
20 Perplexity about direction from male relative (7)
23 Left much outside to protect roots of plants (5)
24 People who play together or box soldiers (9)
26 Notice everybody hesitate for message transmitter (9)
27 Musical interval coming after the fourth (5)
28 See 7 Across
29 Mathematical term wrongly named in root (11)

DOWN

1 Great misfortune for state with friendly relations (8)
2 Throw fish in move on board (8)
3 Mountains and where to find them (5)
4 Soldier is to pull nothing on (7)
5 Money-lender with article that needs shaking? (7)
6 Somewhat slow movement making lag hotter (9)
7 Physical exercises a crazy person follows with vegetarian food (5-3)
8 Deliver plaster (6)
14 Strike one of pack fed to computer (5-4)
16 Picture suitable for police identification (5-3)
17 Minister for each about to arrive (8)
19 *No swell but could be enlarged* (7)
20 Fabric supplied by deer and sheep (7)
21 Notice about goddess being delighted (6)
22 Work doggedly on article and patchword (6)
25 Small, mischievous and charming bit of self indulgence (5)

Solution to Puzzle No. 4,036

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

THE ARTS

Albert Hall/Radio 3

Paroles tissées

by MAX LOPPERT

Excellent Prom planning: Tuesday night's account of Lutoslawski's song setting *Paroles tissées* (1965), for tenor and orchestra, followed immediately on the Polish composer's newer piece for voice and orchestra, *Les Espaces du sommeil*, given its British premiere on Monday. Hearing the two in close proximity and conjunction was, at the very least, a great pleasure, for both are beautifully made, heard, and delivered compositions; and also a revelation, for in their differences and similarities the pair afforded a clear picture of the kind of composer Lutoslawski is, and what makes his music so distinctive and so appealing.

The differences are immediately obvious—*Les Espaces du sommeil* spins out a nocturnally lyrical line, *Paroles tissées* is much more astringently patterned on the voice, with little sustained cantilena and much admixture and then contrast of vocal tone in the instrumental texture. (The impress of Peter Pears, for whom the older piece was written and by whom it was first performed, and of his tenor in its mid-50s estate, tells strongly on the cast of the line.) The fascination provoked by both lies in the way the music both decorates and extracts, heightens and contrasts the imagery—in each case fantastic, non-naturalistic, highly ritualised—of the chosen French verse.

A comparison with Ravel often shapes itself in my mind during Lutoslawski's orchestral compositions; during both vocal pieces, it came to mind yet more insistently. In both composers, the surface is always immaculate, the taste unerring, the colouring applied with extreme (but seldom narcissistic) elegance and technical resourcefulness. And beneath the surface—beyond the activities of the musical clockmaker (which was Stravinsky's neatly turned slur on Ravel, and could conceivably be repeated of Lutoslawski)—I sense a subtle mixture of childlike wonder, emotional reticence, and romantic susceptibility.

As on Monday, the composer was his own conductor; but this time the orchestra was the London Sinfonietta, old hands at Lutoslawski, and admirable at weaving the diverse shapes of the notes into fastidiously evolving and decaying textures. The tenor was the Belgian Louis Devos (Aaron on the Boulez recording of Schoenberg's opera); his sense of pitch was not always beyond reproach, but the tone was clean, well-formed, expressive without the least touch of assertion, and the sound of the language sung clearly and precisely by a native was always a pleasure in its own right. Two serenades framed this vocal centrepiece—Mozart's for 13 instruments in B flat (K361), a long first half, and Brahms's Second, in A. The conductor of both was David Atherton. A passable if not notably eloquent Mozartian (but he had the inestimable advantage of Janet Craxton's oboe and John Price's bassoon as *prima donna* and *primo uomo* of the woodwind cast), Mr. Atherton proved too anxious to avoid Brahmsian heaviness of sonority, and the alternative dangers of insipidness were not always avoided.

Wigmore Hall

Stuttgart Trio

by DAVID MURRAY

On Tuesday the Stuttgart Piano Trio sounded energetic, efficient, sensible; more might have been expected, but it was a close and muggy evening. Though they sound excellently matched in principle, Monika Leonhard at the piano (with its lid fully open, probably a mistake) over-balanced her male colleagues throughout most of the first half of the programme. Beethoven's "Geister" Trio, op. 70 no. 1, was thumpingly robust in the outer movements, with the famous Largo assai too thick and ponderous to capture its eerie spirit. In a more familiar hall, one could believe that these players would disclose much more of what the music holds.

The Shostakovich Trio in E minor, op. 67, again sounded excessively well-fed. The treacherous thumb-position harmonics at the start gave the cellist Klaus-Peter Hahn a couple of anxious moments, and the macabre glassy quality of the work was not firmly established. They all seemed most confident with the furious Scherzo, which churned and roared as it must; but then an under-committed Largo led to a Finale without a breath of chilly terror (and with far too little pianissimo again)—too comfortable and too chunky.

If the real strangeness of the Shostakovich seemed to miss the Stuttgart players entirely (and it had to suffer a cack-handed programme-note which discerned an "optimistic conclusion" in its final bars: "a characteristic device often employed to appease the censor"!), they were cheerfully at home with Schubert. His grand B-flat Trio had a genial reading from them, stylish and red-blooded. I think there is virtue in making something wittier of all the false endings in the piece—they generally drove straight through them—but the briskness of pianist and cellist was agreeably set off by the more lyrical elegance of Rainer Kussmaul's violin. Not a performance of great distinction, but a lively one.

South Bank Summer Music 1979

The eleventh season of South Bank Summer Music and the second under the artistic direction of Pinchas Zukerman begins on Sunday, August 5 through to Sunday, August 26.

This year the emphasis is on Mozart and French music from 1830, while Pinchas Zukerman himself will appear both as soloist and conductor on a number of occasions.

In the opening concert on August 5 at the Festival Hall, Zukerman will both conduct and be the viola soloist (the violin soloist being Jaime Laredo) in Mozart's Sinfonia Concertante, K.364. The concert will also mark the first appearance in South Bank Summer Music of Sir Clifford Curzon in a performance of Mozart's final piano concerto, K.595.

Appearing also for the first time, not only in South Bank Summer Music but also in Europe, is the remarkable 16 year old Japanese/American pianist and composer Ken Noda.

Jessica Tandy and Hume Cronyn

Alastair Muir

Lyric

The Gin Game

by B. A. YOUNG

Connoisseurs of acting must make their way at once to the Lyric, to see Hume Cronyn and Jessica Tandy in D. L. Coburn's *The Gin Game*. They play two old people in a run-down old folk's home. As they bicker over their increasingly quarrelsome games of gin rummy they traverse the whole spectrum of human emotion — with one important omission, love. Hardly a glimmer of affection is detectable all evening.

Weller Martin (Mr. Cronyn) sits on the stoep of the vast, grimy house — beautifully designed by David Mitchell — in creaseless trousers, a pyjama top and a cardigan, endlessly playing patience. The arrival in the home of Fonsia Dorsey (Miss Tandy) stimulates him as a fly in its web stimulates a spider. In a minute he has her playing gin, at which he reckons himself a killer. Fonsia, having been reminded of the rules, beats him at every hand.

Mr. Cronyn's mounting irritation is marvellous to see. He gives Weller a mouth like the slit in a pillar-box. It is seldom used to smile, though occasionally for a mocking laugh; it serves to issue brusque commands ("Card!"), to swear and to abuse. After the first game, though it has been thoroughly lost, Weller tries to smarten himself up; but Fonsia's constant success stymies any attempt to please and leads ultimately to his throwing the table over and even lashing out with a stick.

Fonsia sits serenely on her side of the table, complaining only when Weller's language becomes too dirty. But she is no angel of light either. Quarrels over cards are not the only dialogue Mr. Coburn has to offer. Little chips of past experience drop out to form sharp rocks of nastiness in both the old people (who are the only people in the play). There is no visible hope in the despairing conclusion. The jokes of the first act are all worn out.

The play is not much more than a vehicle for these two glittering performances. Its main merit is that it deals with these two sad 70-year-olds in the shabby evening of their days without ever becoming sentimental. Mr. Coburn does descend to the introduction of an off-stage thunderstorm—only just off-stage, as it happens—to add extra darkness to the shadows of the last scene; but characteristically he extracts a joke from it.

The director is Mike Nichols, to whom no doubt is attributable all the detail perfection that is not attributable to Jessica Tandy and Hume Cronyn.

Buxton Opera House

Lucia di Lammermoor

by RONALD CRICHTON

The Buxton Festival is reborn. In the days of Lilian Baylis and Tyrone Guthrie the programmes were based on drama. The Opera House was used but not for opera. Now that building, unlike some that bear or used to bear the name in these islands capable of housing an opera company, will have a spell of glory each summer with opera as the main feature and drama and other attractions as well. Two weeks only this year but more hereafter. Each festival will have a theme—a well-known writer and his influence. This year's cultural clothes-prop is Scott, and the opera Donizetti's *Lucia di Lammermoor*.

The designer of the Opera House, opened in 1903, was Frank Matcham, a successful Edwardian theatre architect. Latterly it had been used as a cinema, but was found to be in surprisingly good working order. Renovation, refurbishment and where necessary modernisation were carried through with remarkable speed and, to judge from outward appearances, great skill by Arup Associates and Theatre Projects Consultants. There are 1,000 seats and room in the orchestra pit for 80. The auditorium is comfortable, not too crowded; a little fussy perhaps in the way the stucco has been picked out with dark paint round the proscenium arch—neither the detailing nor the shape of the whole are as elegant as, for instance, the earlier Theatre Royal at Glasgow. Buxton however has something most commercially built theatres in these islands (the Glasgow one especially) sadly lack—adequate foyer space, in this case a whole succession of conservatories and public rooms.

Lucia was a natural if obvious choice for a new festival. One could hardly expect them to kick off with something more potentially interesting—say, Rossini's *Lady of the Lake*. At least producer and conductor (Malcolm Fraser and Anthony Hose, respectively artistic and musical directors of the festival) approached the work seriously, restoring cuts and using a composite set by Roger Butlin, all Gothic arches, tombs, scudding clouds and a glimpse of a vast pile (more like Harlech than a Scottish castle, but never mind) that gave an impression of feudal history seen by flashes of lightning. Fay Conway's costumes distinguished firmly between Cavalierish Jacobite followers of the Ravenswoods and severely black-and-white Presbyterian Ashtonians. Adherents to both sides were made up with whey-coloured faces and dark gashes for mouths—a plague on both their houses, I suppose.

Good intentions, alas, were not fully realised at the first performance on Monday. The soprano, Monica Pick-Hieronimi, fell ill that morning and had to be replaced. Deborah Cook was flown in from Munich just in time. Since Miss Cook was unfamiliar with the full version, some things had to be omitted, unfortunately including the duet for Lucia and the chaplain Raimondo (Bide-the-Bent). Lucia's predicament compels sympathy but her music, expertly tailored to the voice though it is, can remain unmoving without a singer with the timbre and personality to bring it to life. Miss Cook has agility and she is musical, but not strongly individual. Nevertheless, for the courage and professionalism she showed on this occasion she deserves much praise.

The Edgardo was a casualty of a different sort. Fausto Tenzi, a Swiss tenor who has sung *Don Carlos* at La Scala and is to repeat the role at the Met., started promisingly but ran into throat trouble. He recovered intermittently (there were some ringing phrases in the duet with Enrico forming the first scene of act 3) but was in poor shape for the final scene, by which any Master of Ravenswood must be judged. Kari Nurmela, a Finnish baritone, sang Enrico. He has a sturdy voice and pressed on it mercilessly, conveying unyielding hardness with, precisely, unyielding hardness (in the later scenes there was some welcome respite and some good phrases). The theatre's acoustics are both clear and revealing. Good notes sound good, bad ones bad. Faults like unclean attack or undue pressure are instantly exposed. Singers must be urged to listen to themselves, objectively if possible.

There was not on this occasion much left of Raimondo's part. Paul Hudson does not really have the steady legato line for this music but he made the most of his dramatic moments—the description of poor Lucy's plight before the mad scene and immediately after it the chaplain's furious rounding on Normanno, the creature who grassed about Edgar and Lucy in the first place (this short scene in recitative is well worth having back). Among the smaller roles, the confidante of Moira Griffiths was exemplary. The Festival Chorus showed that Donizetti's set-pieces need not be banal rum-te-tum. In the pit the Manchester Camerata started well but the tone thinned out as the evening went on. The 18 violins listed sounded fewer. No doubt the conductor Anthony Hose was mainly and understandably concerned with nursing his heroine.

The opera is supported by an excellent exhibition, "The Lamp of Memory," in the new Art Gallery — Scott-inspired paintings including a sketch by Delacroix and a couple of Millaises. Downstairs by the entrance is a display about Scott in the 19th century theatre and about the early days of the Opera House. Next year Shakespeare, with Berlioz's *Béatrice et Bénédict* and the *Hamlet* of Ambroise Thomas. I keep on wondering under which great writer's wing they are going to sneak in Mozart.

Country Cousin

Frankie Howerd

by MICHAEL COVENEY

If you wish to have dinner, see a show and not go to the Talk of the Town, London has little else to offer, and little better, than the Country Cousin at the Fulham end of the King's Road. For two years, these columns have recorded the venue's success story in attracting such major international artists as Dolores Gray, Gotham, Charles Pierce and, for his first London cabaret appearance since the last days of the Establishment Club in 1964, that morose nonpareil, Frankie Howerd.

I have rarely experienced an hour in the theatre go faster than did Mr. Howerd's turn on Tuesday night. He gives the distinct impression throughout of wishing he were somewhere else, as he casts jovial aspersions on the clientele, the food, the proprietor and the unlikely location of the restaurant. All very different from Great Yarmouth, he splutters, failing to finish yet another sentence in a torrent of oohs, aahs and "I should say so's." The raddled moonface surveys the unkindly long auditorium, goading us to imagine we're all part of a jolly coach outing. The cheeks are sucked in, the lips pursed to release a blue comment and immediately pouted to excuse the reflex as the legacy of a twitch. Titter ye may, but Francis is desperately keen to avoid confirming the impression he so assiduously cultivates.

The curtain opens to reveal a "poor deaf soul" at the pianoforte, an innocent old dear who follows him through his ancient pantomime stand-by, "Three Little Fish." It is all so uproariously effortless you marvel at the sheer technique and experience that has gone into polishing an act that belongs as much to the halls as it does now to television. Mr. Howerd is monstrous, lovable and outrageously sad.

Country Cousin closes on Sunday for the autumn, re-opening for lunch only in September. More stars are promised for later in the winter, when the venue hopes to re-establish itself as the capital's leading supper club.

La Rochelle—2

Last rites

by DOMINIC GILL

This was, as I wrote last week, Claude Samuel's last season of Rencontres Internationales d'Art Contemporain at La Rochelle. Founding such a festival may not be easy; but keeping it running means in France steering a tricky course indeed through a tangle of conflicting interests and loyalties, and ideological crossed lines. Since 1973 M. Samuel had managed in his own fashion to offer a lively 10-day programme of new and recent work, cheaply and with cheap accommodation available, in one of the prettiest Atlantic towns of France—but this year shrinking budgets and local politics intervened. The withdrawal at the eleventh hour of the support of La Rochelle's *maison de la culture* meant that nearly half of the planned programme of music, dance and film had to be cut or cancelled entirely; only the festival's main musical theme, an ambitious retrospective in seven concerts of the work of Mauricio Kagel, remained whole and intact.

The performers' competition, formerly the Olivier Messiaen Piano Competition, had been expanded when M. Samuel moved from Royan to La Rochelle to embrace other instruments than the piano. Last year it was for the flute, and this year once again for the piano—although it suffered nearly the same fate that it had in 1977 during a festival devoted to a major John Cage retrospective, when it had attracted only one entrant, a Japanese boy of 17. (Cage, of course, had been delighted, not caring a great deal for the idea of competitions in any case: and had put the whole happening down to his own benign Zen influence.) This year there were three candidates, none of any more than the palest promise—a patient jury heard some painful performances, one or two that were decent, none that was outstanding, and awarded eventually only one second and one third prize.

The Kagel programme, fortunately, was substantial enough to carry the musical weight of the festival by itself. A concert presented by the New Philharmonic Orchestra of Radio-France could have been more enjoyable if the playing had been tauter and brighter. Amy's own *Adagio e Stretto* (as the title implies) is in the nature of an academic exercise—skilfully made and prettily textured, but without real direction or centre. I imagine that a truly hard-driven, virtuoso performance might lend the music a certain vaporous sparkle: but the surface of this rather deliberate account was obstinately dull. Amy and his orchestra also gave us the premiere in France of Lutoslawski's *Les espaces du sommeil* (first heard in this country at last Monday's Prom), nervously sung by the baritone Michel Piquemal: and a decent but lacklustre performance of Bartok's Music for strings, percussion and celesta. Disappointing: for we were all of us, after a week of experimental music-theatre, looking forward to hearing the familiar sound of a symphony orchestra again—and ready to forgive much, except dullness of spirit.

But another welcome meeting of these last Rencontres at La Rochelle, and never dull, was with the winner of the previous year's competition, the brilliant Hungarian flautist István Matuz. I have praised Matuz more than once before on this page, after hearing him play in Budapest—and each occasion has confirmed the view that he is one of the finest and most exciting flautists in Europe today. He plays on his instrument as if it were a living creature, with burning energy, consuming concentration. He began his short afternoon solo recital with Jolivet's *Cinq incantations*, which with the composer's consent he has embellished with all manner of additional material, new fingerings, phrasing, chords and harmonics — a *version multiphonique* which makes of the flute another instrument entirely, a voice of astonishing range, articulated in the smallest detail, sustained in purest string legato by means of circular breathing techniques.

For Takemitsu's *Voice* his flute took on another timbre — the dark-blue, liquid tones of the *shaku hachi*; in *Plus Alpha* of Barnabas Dukay a purer sine tone, bright and gleaming; and for his own *Studium No. 1*, a study in glissandi and circular breathing a whole palette of broken-tones, tiny whispering descants, shadowy chords. It was *Studium*, indeed, which inspired the Hungarian composer László Sáry to write for Matuz what must be the ultimate virtuoso study in new flute techniques. A complete performance of *Voices*, played in a single circular "breath" without any interruption of the sound, lasts for two hours and 24 minutes: an extraordinary and — unlikely as it may sound — deeply absorbing tour de force, overwhelming in its physical presence.

From ten till after midnight one evening, standing alone in the near-darkness of the Hotel de ville, Matuz played *Voices* complete. The audience could come and go as it wished: in its pool of light the flute played on. Sáry's microtonal intertwining of two flute voices, one live, one on tape, has the character of a spiritual, as well as a physical exercise. The composer imagines a performance ideally somewhere close to nature, in a dark forest, on a mountain top: a Zen meditation, calm contemplation of tiny correspondences, tiny differences between two unbroken lines. For a while, busy festival preoccupations were suspended, out of place, out of time. Strange vision—of powerful and (like ripples in a pool) widening, lapping resonance.

Beatrix Lehmann

Beatrix Lehmann, who died on Tuesday at the age of 76, was an actress of great versatility quite impossible to categorise. It was not always easy to remember that the baritone-voiced lady, whose dignity in such parts as Aase in *Peer Gynt* at Chichester in 1970, or the Duchess of Richmond in *Richard II* at Stratford two years later, was always seasoned with a sparkle of humour, twice understudied Tallulah Bankhead and was so apparently immortal that she played Viola, Isabella and Portia at Stratford in her middle 40s.

She was an actress of great intelligence, more interested in the exploration of character than in the sway of romance. In that same Stratford season, 1947, she gave Juliet's Nurse, and had already graduated elsewhere from Hilde Wangel to Mrs. Alving. (She gave the Nurse again in 1972, when she was 69.)

A touch of the sinister always became her. Her alarming appearance at Mme. Saint-Pé in *The Waltz of the Toreadors*, rising from her sick-bed after years of pretended paralysis to drag her too-amorous husband into a mad dance, was unforgettable. She was remarkable too as Mrs. Venable in *Suddenly Last Summer* and as Miss Bordereau in *The Aspern Papers*.

B. A. Y.

Richard Briers returns to West End

Richard Briers and Paul Eddington are to star in *Middle-Age Spread*, a new play by Roger Hall which will open in London in late October.

The play has a short- prior-to-London tour beginning at the Theatre Royal, Brighton on September 17. Following Brighton, the play will then visit the Alexandra Theatre, Birmingham, for the week of September 24 and the Richmond Theatre for the week of October 1.

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Making fair comparisons

THE REPORT of the Clegg Commission, as it is generally known, has been promptly accepted by the Government (which has some cause for relief on its findings, and also by the trade unions, some of whom must be concealing sharp disappointment. In cash terms the award is a good deal less than might have been feared—about the £230m for local authority and university manual workers, health service ancillaries and ambulancemen combined. It does much to widen differentials within the public service, and nothing at all to address what the unions claim is the problem of low pay.

Resisted

These results reflect the fact that Professor Clegg and his colleagues have resisted some trade unions pressure to go beyond their exact terms of reference, and use the exercise as an occasion to establish a "fair" level for minimum pay, or to take the lead in enforcing pay equality between the sexes. They have taken the view that comparability means exactly what it says—a reflection of the outside world, warts and all. Last winter's strikers have got what they demanded, but not what a great number of them expected. The comparisons suggest that the private sector used the slippage under the Labour government's norms to restore differentials for skill and responsibility, and the comparison has now had the same result in the public sector.

This is a welcome outcome from the point of view of incentive—to win promotion and assume responsibility, which is the most worthwhile incentive in many parts of the public service. But it also reflects another welcome fact. The Commission has not used the excuse of the very limited time allowed for its exercise to dodge the difficult questions. It has approached the task in a way which suggests that its formal title—the Standing Commission on Pay Comparability—will prove more than just an expression of Mr. Callaghan's intentions in office.

Analysis of this thoroughness can clearly be useful in providing an objective yardstick for pay.

Most important, Clegg has rejected the idea of crude indexation, based either on average earnings in private industry or on the idea of preserving in real terms the best relative position ever achieved in the past by any given group. Such indexation, the Commission argues, must first have an objectively determined starting point, which is likely to be somewhere lower in the scale than the all-time peak. It must in addition be checked periodically to reflect changes in relative pay between different grades and occupation in the outside world, and also changes in working practices—for example, overtime and shift work in the commercial sector. Indexation is at best simply a way of avoiding a full scale comparability study every year.

Rough and ready

Secondly, the Commission has taken account of non-pay factors, in a rough and ready way. It has valued the superior pension rights paid in the public sector, and adjusted pay accordingly. It has given no weight this year to comparative job security; this is probably fair, as long as the government continues to enforce cash limits firmly enough to act as a proxy for competitive pressures elsewhere.

It has found it impossible to quantify the state of the labour market in pay terms, but offers instead the sensible observation that where ease of recruitment differs sharply between two apparently comparable occupations, then the standards of comparison are clearly wrong and should be reviewed. It has also given due weight to job analysis in valuing work where no precise outside comparison seems available.

These all seem sound and objective criteria. The exercise will not of course solve all problems. Such trade union leaders as Mr. Alan Fisher, who want to exploit the comparatively strong unionisation of the unskilled in the public services to lead the march of the low paid will have all their previous suspicion of comparability reinforced, and will no doubt return to the charge in due course. The idea that the Clegg approach would obviate public sector disputes was never plausible if the exercise were honestly performed. That has been done.

The lessons of Lambeth

MR. PATRICK JENKIN, the Social Services secretary, was right to act quickly and forcefully against the unelected health authority in London that was attempting to usurp parliament's right to determine the level of spending on the National Health Service. Even opponents of the present Government's policies should feel little sympathy for the suspended members of the Lambeth, Southwark and Lewisham Area Health Authority. Under the previous administration too they systematically ignored Government instructions on spending, and the ultimate victims of their intransigence would be not cash limits or money supply targets, but people living in other areas of the South East Thames Health Region.

It is to be hoped that the whole affair will draw attention not to the "courage" of the rogue authority, but to the fundamental defects in the administration of the NHS and also in the Government's whole approach to controlling public expenditure.

Structure defect

As the Royal Commission on the NHS reported earlier this month the most obious defect of the NHS lies in its structure. The chain of command from Government to Regional Health Authority, to Area Health Authority to District Health Authority or General Practitioner Committee has at least one totally redundant link. This wastes precious resources. A reduction in administrative staff to the 1973 level would cut NHS manpower by almost 3 per cent, but the bureaucratic tangle is also harmful in itself, because it can be exploited by uncooperative officials to prevent important decisions being taken.

More broadly, the affair throws doubt on the government's policy of controlling public expenditure by setting broad limits, while leaving detailed decisions on cuts to programme administrators. It is hard to believe the Lambeth health authority's claim that it could not find ways of trimming its budget by 3.6 per cent without causing the deaths of "over 200 people." Now that control is out of its hands, the government hopes to make its savings in administration and non-emergency services.

The point is that programme administrators have few incentives, apart from their consciences, to plan spending cuts in a way that will cause minimum disruption. In some cases they may be so unscrupulous as to impose unnecessary hardship on the public in the hope of getting increases in their future budgets. The government must accept responsibility for the painful task of setting clear guidelines for the cuts itself and leave as few policy decisions as possible to unelected programme administrators.

The persistent failure of governments to accept responsibility for controversial health decisions is largely to blame for the genuine difficulty with which the Lambeth health authority has been faced. Health resources are allocated largely on the basis of population, which has been declining in inner London. Lambeth has been receiving more per head than other parts of the country and it was this inequality that the recent series of cuts were designed to redress. But Lambeth is also saddled with the huge costs of running three of the nation's leading teaching hospitals. The present system of resource allocation takes insufficient account of this. However, the more fundamental problem is that three teaching hospitals are concentrated in Lambeth where they are not required.

Relocation

As a result, despite overfunding, Lambeth's standard of health care is below the national average. Three teaching hospitals are absorbing funds that would be better spent on community health care and geriatric provision. Other parts of the country, on the other hand, are suffering from a serious shortage of specialised hospital facilities.

Relocation of several of London's 12 teaching hospitals was first recommended by a Royal Commission 11 years ago. But nothing has been done and no government has even stated a policy, partly at least because the many layers of bureaucracy in the NHS havemade a long-term strategy on hospital location extremely difficult to devise or implement. Despite opposition from many doctors who prefer working in London, this is another nettle that the government must now grasp.

Why Nigeria went gunning for BP

BY MARK WEBSTER

NIGERIA'S decision to nationalise BP's interests is bound to have widespread economic and political consequences both in Nigeria and further afield. But although the British Government has already *complained* that the move was unjustified and the timing hopelessly inept, it was by no means unexpected.

Most observers reject as at best a half-truth the Nigerian explanation for the takeover of BP's 20 per cent stake in the Shell-BP operating company and the 40 per cent equity in BP's marketing company within the country. A statement from the federal military government on Tuesday said BP would be bought out because the company wanted to sell "North Sea and non-embargoed oil" to South Africa. The statement went on that this was just a "clever ruse" to sell Nigerian crude to the "*racialist regime*" *in* Pretoria.

BP has told the Nigerians that there is no chance of South Africa obtaining Nigerian crude through the company. However, given the timing of the Nigerian move on the eve of the Commonwealth Conference, it is apparent that Lagos has other motives for *its action*. The main one, certainly, is to warn Britain over its policy towards Zimbabwe-Rhodesia and the possibility of Britain *recognising the government* of Bishop Abel Muzorewa.

Given that this is the main reason, there are others explaining why BP has been picked, *and how*.

Nigeria's involvement in Southern African affairs goes back a number of years. As the most populous country on the continent and the possessor of considerable oil wealth, Nigeria has long considered itself the unofficial leader of Black Africa.

Apartheid is such an emotive issue with the Lagos Government that it has shown itself prepared, at least to some extent, to sacrifice even its own immediate interests in order to pursue its hard line over Southern Africa. It enacted a law banning any companies from doing business in Nigeria if they had connections with South Africa and withdrew all Government funds from Barclays Bank because of its Southern Africa interests.

At the same time the government has displayed some pragmatism in its approach to enforcing that law because of the great number of companies vital to Nigeria's own economic interests which do have links with South Africa. Nevertheless, Nigeria is extremely sensitive about being accused of taking a "paper tiger" stance towards companies dealing with South Africa, and the BP move was to prove that it was in earnest over its stand.

No other country in Black Africa can hurt British interests as much. UK companies have more than £2bn invested in Nigeria. Trade, worth more than £1bn to British exporters

GENERAL OBASANJO of Nigeria—government statement condemned 'clever ruse'

in 1977 and 1978, may drop to only £600m this year because of Nigeria's tight economic situation, but is expected to pick up again in the coming year.

In an attempt to reassure other *foreign companies operating* in Nigeria, the government said in its statement on Tuesday that they would be safe as long as they respected Nigeria's *sensitivity on the question of* apartheid. It is unlikely that British companies will feel very reassured. The Nigerian *government is* already *discriminating on purely political* grounds against British companies which tender for government contracts, the business community here says.

But there are good reasons for thinking that BP is the only company immediately in the Nigerians' line of fire. The company has already attracted criticism from the government over sanctions-busting oil deliveries to Rhodesia after UDI. More recently, the company lost a part of its oil entitlement when a tanker indirectly owned by the South Africans called to collect crude at a Nigerian port.

Observers here feel, therefore, that no further action can be expected from the Nigerian government until Mrs. Thatcher makes known her policy on Zimbabwe Rhodesia, if for no other reason than that Nigeria is unlikely to want to divide African opinion further between the hard-line countries like itself and Tanzania which want tighter sanctions against southern Africa and the "moderate" African states which want to proceed by dialogue.

Nigeria and Tanzania have been reported to be pressing hard for a commitment by all member countries to impose sanctions against the West, especially Britain, in the event of the Muzorewa government being recognised or sanctions lifted. But a number of African countries, particularly among the francophone states, have come out against such an idea. *Although* there is universal indignation at apartheid, there are wide differences of approach as to how it should be ended.

Observers feel that Nigeria could find itself almost isolated if it tried to impose sanctions *against Britain should* Mrs. Thatcher recognise Bishop Muzorewa's government. Many of the other countries on the continent would find themselves in very *difficult financial* situations if such sanctions were imposed. Moreover, they can now point to Mrs. Thatcher's much more conciliatory attitude towards recognition.

In a recent Commons speech, Mrs. Thatcher said there would have to be major changes in the constitution of Zimbabwe-Rhodesia before recognition would be considered. There could then be all-party talks, *presumably* including the Patriotic Front, and there would have to be widespread international support for any settlement before Britain would *accord* its recognition. All these points are very much in line with what Black Africa has been demanding.

Yet Nigeria's move shows that Mrs. Thatcher still has a credibility problem where Nigeria is concerned which her recent policy shifts have not bridged. In *fact*, the Nigerian takeover has made it much harder for her to pursue her conciliatory line. She can also expect a hard time from her Right-wing when she gets back from Lusaka because better relations with Nigeria were one of the main reasons for taking a more conciliatory line over Zimbabwe-Rhodesia.

National asset

But there are two other important reasons why Nigeria has taken its action against BP now. The first is the imminent departure of the present military government from power. A civilian government is now being elected which should take over from the military on October 1. But, despite a desire to punish BP for what is seen as past misdeeds, and to insure against future repetitions, the new administration's undoubted preoccupation with domestic issues initially would have made it unlikely that BP would ever have been taken over.

Secondly, circumstances have made it possible to take into public ownership an extremely

PRESIDENT KAUNDA of Zambia—patience running out

valuable national asset. That BP was not nationalised earlier, most observers believe, was a reflection of the poor sate of the market for Nigeria's oil. This time last year Nigeria was finding it very difficult to place its light crude on the market because of its insensitive pricing policies. Now, with the oil market buoyant, it is having no *trouble at all*.

Everything points to Nigeria's stopping its punitive actions with BP. Even so, the takeover has undoubtedly heightened fears in the business community that it is only the thin end of the wedge which marks the end of substantial British investment in Nigeria. Added to that is the uncertainty which the business community feels over the forthcoming transition to civilian rule. Overall, the investment climate is looking rather sour *for the time being*.

However, if British interests are further punished there is no apparent shortage of seekers after a slice of the Nigerian cake. Both France and West Germany have substantial interests in the country and the U.S. is keen to increase its own small investments and trade with Nigeria. If the government is banking on having enough new clients to fill Britain's place, it would probably not be disappointed.

BRITISH COMPANIES WITH LARGE INTERESTS IN AFRICA

	Amount of profit from Africa £m	% of total profit	Remarks
Unilever	102.0	15.5	Includes £46m from interest in UAC —primarily Nigeria.
Lonhro	65.3	69.7	East and Central £35m, West £7m, Southern £23m.
Paterson Zochonis	12	77.2	West Africa and Kenya.
Blackwood Hodge	9.5	35.2	
Dunlop	11.00	17.2	Attributable profit of £1.6m from Rhodesia not consolidated.
Berec	7.5	37.0	Nigeria and South Africa.
Low and Bonar	4.0	42.3	
Guinness	3.5	8.0	Mostly Nigeria, no subsidiary in Southern Africa.
Metal Box	1.0	1.7	East, West and Southern Africa.
Inchcape	0.5	1.2	No subsidiary in Southern Africa

The long tightrope facing Britain's interests in Africa

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

There is no simple choice between black and white Africa. Economic factors dictate that Britain needs both—even if having both is proving as difficult as walking on eggs.

Until the mid-1960s the location of British interests backed up the arguments in favour of "kith and kin." The greatest part of Britain's trade with Africa was with South Africa, and the lion's share of British investments was also in southern Africa. Arguments about the need to protect the Cape shipping lanes were buttressed by the importance of South African mineral reserves.

The strategic argument is still voiced occasionally, as more convincingly, is that *about minerals. South Africa* holds major shares of world reserves of the platinum group of metals (86 per cent); chrome (83 per cent); vanadium (64 per cent); gold (49 per cent); and manganese ore (48 per cent). Overall, its share of production is smaller, ranging from 59 per cent of world gold production to 24 per cent of manganese ore production.

Alternatives

The location of the other main reserves of platinum, vanadium and manganese is the Soviet Union—South Africa and Russia have between 93 and 99 per cent of world reserves of these three metals. However, for all these metals except gold alternatives do exist which means that in the medium-term at least the total loss of South African minerals—an unlikely prospect—could perhaps be weathered.

South Africa together with Namibia, accounts for one-fifth of world diamond production, though South Africans have a virtual monopoly of diamond marketing. The argument about investments has become more shaded. For a long time British investments in Southern Africa greatly outweighed those elsewhere. Today this is still true, but to a lesser degree. Estimates of total British investment in South Africa range from £4-£5bn. Investments in black Africa, including those of banks and oil companies, are worth a minimum of £2bn and possibly as much as £3.5bn.

There is some *confusion* about the exact totals involved but the largest investment is estimated to be in Nigeria (£1-£2bn), followed by Kenya and Zambia (£3-£500m each), Malawi (£200-£400m), Ghana (£200m) and Zaire (£100-£150m).

British interests in Uganda have been largely *nationalised* as have those in Tanzania, with the notable exceptions of Shell and the South African company, Anglo American.

Earnings from South Africa appear to outweigh those from black Africa. In 1976 the net earnings of British companies (excluding the oil companies) and their unremitted profits totalled £266m in South Africa, compared with £193m from black Africa. But the pressures against apartheid are beginning to affect companies. Last year a number of major companies such as GEC, Racal, Reed International and Tate and Lyle sold assets in South Africa.

In all these fields there is thus the powerful presence of black Africa on the scene. But in the case of trade it is over twice as important as South Africa.

The production of oil by Nigeria which began in 1958 has changed the overall trading pattern. Nigeria is now the tenth largest oil producer in the world and its spending sprees has led to its becoming Britain's ninth largest export market last year.

Over the past seven years black and white Africa have taken a total of around 8 per *cent of British exports*, with modest gains by black Africa compensating for a fall in the share of British exports to South Africa: last year British exports to black Africa totalled £4.3bn compared with exports to South Africa of £1.3bn.

However, imports from these countries have become less important to Britain, their share of total imports falling from 7.4 to 5 per cent. South Africa's share has remained steady, at just over one-third; in 1978 its imports from Britain totalled £1.5bn.

The other main economic factor is that of the sterling balances. This has become less important in recent years. Neither Nigeria nor South Africa thus appears to be in a position to cause a run on the pound—though Nigeria at least had been in such a position before it divested itself of large holdings of sterling in 1976.

Such naked statements of the magnitudes involved are highly misleading in at least one important sense: South Africa has little option but to deal with Britain and the West whereas black Africa is making it increasingly clear that it is prepared to consider other options.

Firing line

However, that point, too, needs qualifying. In the first place virtually no black African country has the economic independence of Nigeria. In the second, only companies dealing directly with Southern Africa are at present in the firing line.

These points often lead British officials to adopt a sanguine attitude, and to argue that most of the moderate states will not follow where Nigeria leads. But companies specialising in business with black Africa dispute this. They cite Tanzania as an example of how some countries are prepared to cut off their noses to spite their faces—and are all the more likely to do this in the present heated mood. The patience of Zambia, in particular, appears to be running out. There is no indication that Dr. Kenneth Kaunda, its *Prime Minister*, has backed down from his demands that the oil companies in particular should be held to account for their part in supplying *Rhodesia*.

MEN AND MATTERS

Power struggle in deepest Kent

An environmental protest group with unusually good connections is just launching its campaign. An impressive, if semantically eccentric, Press release reached me yesterday, setting out the objectives.

The Anti-Converter Station Group opposes the erection by the Central Electricity Generating Board of a large converter station near four Kent villages —Aldington, Brabourne, Sellindge and Smeeth—where the Group's members live. The station will be part of a £300m link between the British and French electricity grids; it is said by the authorities to be splendidly economic for both.

Three pillars of society dwelling near the proposed site have discreetly helped in setting up the group. They are Lord Aldington himself, deputy chairman of the General Electric Company (GEC) and chairman of the National Nuclear Corporation; Sir Frederick Atkinson, chief economic adviser to the Treasury; and William Deedes, former Conservative minister and now editor of the Daily Telegraph.

Deedes was characteristically open on the matter when I telephoned him to ask about this tightly knit group of highly-motivated men. "We all thought we should lend a hand. Actually, Lord Aldington and myself are less affected by this thing than Fred Atkinson—we're over the hill. He'll have it right beside him."

From his position on the GEC board, Lord Aldington has been well placed to watch the progress of the project. GEC had the design contract.

The villagers of Aldington, Sellindge and Smeeth are voluntarily raising their rates by 4p to collect £14,000, the estimated cost of counsel to represent them at the planning enquiry scheduled for November. They do not dispute the need for the station, but as is the way with pressure groups, they want it to go somewhere else.

Nearby Dungeness, which already has two nuclear power stations, is the group's first choice. "But I think the Board don't want to go there because of all the things that have gone wrong in *the past*," says Deedes. "They probably think it's haunted or something."

Nothing of the sort, says the Board. Dungeness cannot be considered because the rocky seabed off its coast is unsuitable for burying cable. It would also be many millions more costly.

"The proposed site is between a new motorway, a railway line and a sewerage works." said a CEGB spokesman. "We're not talking about unspoilt rural England, exactly." This scarcely *accords with the fond view of* their Kentish acres held by the protesters.

"Could we go by Gatwick? We've already had two holidays at Heathrow."

Called to account

As someone who fell asleep at the Son et Lumière in the Rome forum, I will not be queue-jumping to get tickets for next year's centenary of the Institute of Chartered Accountants. One of the delights on offer is a "dramatic presentation" of the institute's history, complete—so says the programme just mailed out to members—with actors, film and slides.

The institute was fast to scotch any hopes that tales of intrigue, violence and murder would be unfolded by the actors. Apparently the main thrust of the story will be devoted to the changing role of accountants since 1880. As a concesssion to faint-hearts, however, the institute may step outside its own history by a few years to include a comment on the profession by Mr. Justice Quarn, of the Queens Bench Division in 1875.

Complaining that a hapless accountant had wasted the court's time he said that bankruptcy affairs had been "handed over to an ignorant set of men called accountants, which is one of the grossest abuses ever introduced into law."

Nothing more interesting than this, according to the institute yesterday, happened in the subsequent century. Can this be true? In my concern to provide the institute with a little more drama for its presentation I will publish the best accounting story I receive within 14 days.

Keen researchers are directed to a 50-volume facsimile set covering the history of accounting, now being published, taken from the institute's library. They are not, however, allowed to enter the £2,500 price-tag into the competition.

Scotch mist

The mystery, to which I referred yesterday, of who owns the island of Iona, is continuing. Sir Hugh Fraser, who bought it six weeks ago for £1.5m from the Duke of Argyll, thinks he has given it to the nation. But apparently the nation has not yet accepted it.

According to the Scottish Office's Ionan expert, tracked down in the Hebrides, the Secretary of State for Scotland is still "considering the implications" of accepting Iona in *perpetuity*. *In other words*, he is working out the cost. If he declines the gift, the island will be left in limbo.

The 80 or so inhabitants are taking it calmly. They have paid this month's rent to the Duke, as they have done for 300 years.

Behind BP's loss

The overnight nationalisation of *all BP's interests in Nigeria* by the Federal Military Government has dismayed nobody more than Michael Stewart. He was our Foreign Secretary, *1968-70*, at the height of the Nigerian civil war, in which Britain backed the Federal authorities with arms and diplomacy to overcome Biafra.

Stewart told me yesterday that the unswerving support for Lagos—although much criticised at the time—had "put much credit in the bank" for Britain. "We were on very good terms with Nigeria," he says.

He dismisses any suggestion that the BP nationalisation, and other bits of chilly behaviour towards us, *spring from a post-colonial desire to display independence*. "I blame the Heath Government, for its decision to sell arms to South Africa. After *that, our Nigerian friends felt* less kindly towards us."

Frozen out

Overheard on the 18.20 from Waterloo to Portsmouth last week:

Passenger: "Coca cola, please, with ice."

Buffet waiter: "Sorry, mate, no ice. That'll be 23p."

Passenger: "But the last customer got some ice."

Waiter: "That's because he spent £1.3p on gin and tonic. Next please."

Observer

ECONOMIC VIEWPOINT

Unbelieving monetarists are not enough

The efforts to hold back public spending and money supply depend too exclusively on Prime Ministerial will power and the private convictions of the Treasury team, and not enough on coherent published analysis and argument

THERE COULD hardly be a more difficult period for the Government to carry out its combined experiment in attempting to control inflation by monetary means, put a brake on state aid to industry and revive market incentives. The world is moving into both recession and higher rates of inflation. British industry is moving into a cash and profitability squeeze. The policy is being conducted against a background of a high exchange rate, which increases the chances of holding back inflation, but which is also increasing the clamour for a change of course, whether towards monetary relaxation or protection, or a bit of both.

There is, of course, never a good time either for imposing monetary restraint or for checking the policies of the pork barrel—which is what the industrial strategy had increasingly become. Indeed the money supply guidelines and public spending curbs introduced courageously by the last Labour Government at the time of the IMF negotiations in 1976 occurred when unemployment was somewhat higher than at present and vacancies very much lower, and when the domestic economic forecasts were also looking pretty dismal. Today despite the official jobless figures, there is a notice at Notting Hill Gate underground station saying that there are delays on all lines because of staff shortages. The employment agency next door is full of garish advertisements to tempt temporary secretaries to sign up for work.

The immediate threat to present policies arises from the pressure of the industrial lobbies over the combination of a high exchange rate and supposedly high interest rates, which are looked at in wholly nominal terms without allowing for the fact that inflation brings a 14 per cent base rate down to between 3 per cent and minus 3½ per cent depending on whether one looks at the recorded rate of price increase or that officially forecast for next autumn.

My guess is that the Government will ride out the immediate pressures. My fears are much more for 1980 to 1982; and they are based mainly on the fact that the present policies have no clearly stated intellectual foundations, although some of them are capable of having such foundations. The efforts to hold back public spending and the money supply depend too exclusively on Prime Ministerial will power and the private convictions of the Treasury team and not enough on coherent published analysis and argument.

One should not under-estimate will power, but on its own it is not enough. One Labour ex-minister, sympathetic to present efforts to curb spending, said to me that the only way to get action was to have a scare: such as the one on sterling in 1976 or the more generalised gloom and doom stories of today; and he endorsed the tactics of those ministers who tell the Press that the situation is "even worse than they thought it was only a week ago." Such scare tactics may work for a little while, but they are no substitute for rational conviction for the longer haul.

Let me come to the point. I find it scarcely credible that after years of contemplation, the Conservatives did not bring into the Treasury on Day One a single outside academic wholeheartedly committed to a market economy and monetarist approach. Some Treasury officials themselves express astonishment at the continued failure to do so. It is no secret that Mr. Denis Healey was frequently dissatisfied with the one-sided "Keynesian" nature of the advice he received. But casual conversations with outside academics—or even the perusal of columns such as this—cannot be a substitute for a top level in-house adviser with daily access to papers and discussion.

At present not only are there no outside academics in the Treasury. But the full-time appointments which have been made in the Number Ten and Cabinet Office complex are of businessmen, efficiency experts and progress chasers. At the Department of Industry, Sir Keith Joseph has to the best of my knowledge no outside market economist to advise him which of the Department arguments for caution are good ones and which (such as the argument that other countries subsidise industry) ought to go straight into the wastepaper basket.

There is not the slightest suggestion that Treasury officials are trying to undermine policy. On the contrary they are pursuing short term monetarist policies with loyalty, zeal and determination. Treasury Ministers have nothing but praise for their efforts, and officials for their part still seem to be *genuinely enthusiastic about* their new Ministers, even those who started life as financial journalists. Nor are their efforts just blind loyalty. For, however great their inner doubts or their expectations of U-turns before too long, top Treasury advisers—after the buffeting they received in the mid-1970s—have no real alternative to suggest to the present strategy.

Paradoxically the "fanatical" elements which Mr. Callaghan and Mr. Healey fear will give monetarism a bad name, arise from the absence of convinced monetarist economists around the Chancellor and Prime Minister. Permanent Treasury officials have to show their monetarism by being more rigid and unbending than monetarist advisers from outside would have to be. Convinced Catholics in a Catholic country are well known for their flexibility on inessentials and their willingness to joke about their own beliefs and argue among themselves. Conventional officials carrying out monetarist policies are more like Low Church Protestants performing a high Mass with meticulous accuracy, but little real feel for the nuances.

To take a few examples. Professor David Laidler who is one of the most distinguished international monetarists has frequently said that there is no harm in modest experiments in fiscal fine-tuning with the *framework of a firm gradual* long-term target for reducing monetary growth. Professor Terry Burns and Mr. Alan Budd were able to view without any alarm in the London Business School Outlook a deterioration from £8.2bn in 1979-80 to £10.9bn in 1980-81 in the PSBR because it represented the temporary effects of recession, and saw it as consistent with a long-term plan for reducing PSBR as a proportion of the national product. Mr. Gordon Pepper, of Greenwells, has in past recessions explained that some increase in the PSBR could be accommodated because savings would then be high relative to investment intention.

Flexible VAT

Professor Patrick Minford, who believes in a balanced budget in a normal year and a maximum marginal tax rate of 50 per cent—not 60 per cent—nevertheless suggests (in a forthcoming Institute of Economic Affairs Paper) an elaborate system of short-term stabilisation rules. For instance VAT would be automatically raised in a boom and lowered in a recession. On the other hand if prices were expected to accelerate then the growth of money supply should actually be reduced below the normal target.

There are many differences of emphasis between believing *monetarists: and there is no* economist or anyone else whose advice could be followed blindly come hell or high water. The examples are mainly meant to demonstrate that a genuine monetarist group of advisers could afford to be more flexible in the short term, because firmer of long run purpose, than the present official team. Indeed if any of the individual deviations mentioned above were introduced on their own without a medium-term stabilisation plan, and without outside advisers, *the financial markets would be* quite right to be extremely sceptical and to see the beginning of another familiar U-turn. Indeed it may already be too late for such modification.

Sir Douglas Wass, the Permanent Head of the Treasury, made it very clear in his Johnian Lecture of a year ago (especially in paragraphs 27 and 44) that despite all his concessions to critics of postwar *orthodoxy, he was fundamentally* opposed to any *long-term* formula for reduced monetary growth and that he would fight to the end to base policy on elaborate macro-economic forecasts rather than on any system of simple rules. Thus what has happened is no surprise.

Neither political directives nor pressure from markets can compel conviction where none exists. This is the point about "unbelieving monetarists" I have made many times before.

Without an alternative intellectual basis, this is what they will be forced to do in the end. The forecasting system is not just a fifth wheel on the coach. It provides every nook and cranny of official advice (which is one reason for not having the forecasts done inside Whitehall at all).

The game was given away by the July Economic Outlook of the OECD, in Paris, which I once christened "the British Treasury in exile." Its main *forecasts* were prepared before the British Budget when output was forecast to grow by just over 1 per cent per annum in 1979 and 1980. In a special post-Budget addendum, the output forecast was changed to an annual decline of 2½ per cent by 1980. This is almost certainly the sort of advice that Ministers are getting about the effects of their own policies.

They can just about weather this short-term pessimism, either by disbelieving it or accepting that their immediate policies may be contractionary for the sake of greater long-term benefits. What is not so easy to gloss over is that the Medium Term Assessment ("MTA") on which the current doom and gloom is based, and which is being used to frighten the spending Ministers, is also based on views of cause and effect diametrically opposite to those present economy Ministers profess and those which Mr. Callaghan and Mr. Healey also professed when in anti-Keynesian moods.

The Budget speech was based on the view that growth was supply constrained—which does not deny that individual manufacturers would welcome a fatter cushion of order-books. The MTA assumes that output is demand constrained—in plain English that more spending would generate more goods rather than more inflation. This emerges very clearly from Table 6 in the last Government's Public Expenditure White Paper. The growth was assumed to be less if wages rose at 10 per cent than at 7 per cent or 5 per cent. This was because Ministers (at that time Labour Ministers) would depress demand by holding down monetary growth and thus prevent the exchange rate from depreciating. By contrast, a believing monetarist would refuse to treat wages independently of the money supply and the exchange rate. A credible and sustained policy of monetary expansion, involving a relatively high exchange rate, must eventually feed back into wages—especially if we believe that union leaders are ultimately rational, if selfish on behalf of their members and bargain for real wages rather than numbers on pieces of paper.

Even some OECD experts, whose short-term outlook is so similar to that of the British Treasury, believe this gloom and doom to be overdone. The UK is now economically a small country accounting for only 5 per cent of the total GDP of the 24 OECD countries. It can thus escape the effects of world recession by very small adjustments in its trade share. Moreover as a low wage country with a reasonably trained labour force, it ought to be able to sell fairly standard products on price even if it continues to lag on *high-risk technologies.* The analogy of the small Pacific countries which have largely escaped the stagflation of the 1970s is not necessarily too far fetched. My point is not to necessarily endorse this alternative sketch, but simply to stress that there are more things in the universe than are dreamt of in the philosophy of the MTA, which with its combination of figures, forecasts and pessimism so appeals to the masochistic British temperament.

To escape the present framework of advice, an alternative or alternatives are necessary. Intellectual convictions may not be decisive, but they do matter. Stalin never made a more foolish remark than when he asked: "How many divisions has the Pope?"

As recent events in Poland have shown, he has really got a good many.

Samuel Brittan

Letters to the Editor

Mortgage interest

From Mr. E. Palamountain.

Sir,—Although I am not quite sure where either you (July 26) or Professor Hague stand in this matter, the impression you have both given is that tax relief on mortgage interest should probably be disallowed.

I agree most strongly with Mr. Camplin (July 31) that this is not the right answer. The logic of the matter, as he says, is that if the interest you receive when you lend attracts tax then the interest you pay when you borrow should repel it. This of course was the situation which prevailed up to the time of Sir Harold Wilson's first administration, as it prevails in the U.S. to this day. The tax deductibility of loan interest had in fact been unquestioned throughout the history of the income tax and it was only cancelled for bad political reasons, and when followed by the inevitable exemption in favour of house purchase, it produced the distortions which you and Mr. Camplin alike deplore.

The right course for the Government is to reaffirm the campaign pledge to restore deductibility which Mr. Heath gave in 1970 and duly put into effect, only to see it revoked by Sir Harold in 1974. It may be worth adding that—subject to the appropriate tax liability of income or profits arising therefrom—this course has the authority of the Meade Committee in its support.

Where I do not follow Mr. Camplin is in his suggestion that rent should be allowed as a deduction. This is a good deal more controversial and would inevitably complicate the tax system still further. So far as I am aware, personal rent was not an allowable expense during the many years when an excellent market in rented accommodation prevailed, and such a market could surely be restored by well tested and less exceptionable means.

Edgar Palamountain,
Three Quays,
Tower Hill, EC3.

Liquid fuels from coal

From the Member for Science, National Coal Board

Sir,—I should like to comment on the very helpful letter from Mr. Paul Adorian (July 26) in which he proposes speeding up work on the production of liquid fuels from coal.

The National Coal Board is at present carrying out design studies (in conjunction with major chemical engineering contractors and the oil companies) for two pilot plants which are each planned to produce 25 tonnes per day of liquid coal derivatives for refining to provide high-grade liquid fuels. We believe that the advanced processes which will be used in these pilot plants (and which have already been demonstrated successfully on laboratory scale) will have considerable advantages over coal-oil processes already in use or under development elsewhere, but it is necessary to prove these processes at pilot plant level before we can reasonably construct full-scale production plants. We are very much aware, however, of the need to advance to that stage with the minimum of delay, and we are currently reviewing our plans to see how the steps towards this objective can be speeded up.

In the meantime, I agree that it would be useful to consider how best these developments can be financed so that we can ensure that difficulties over financing do not impede any stage of the programme.

J. Gibson,
Hobart House,
Grosvenor Place, SW1.

Roads and vehicles

From the City Architect and Planning Officer, City of Cambridge.

Sir,—Roads are the only engineering structure I know of where the loading is allowed to exceed a designed capacity.

Our roads are subjected to overloading, which seriously impedes the flow of essential traffic, and we often create atmospheric conditions that have been likened to those of a volcanic fissure.

We know that oil is being used at a faster rate than that at which it is being discovered and that as a consequence supplies will fall increasingly below the amount we need, and are likely to continue to increase in cost. Mileage will decrease and the cost of each mile will increase. With supplies becoming increasingly less than we require, and with a free market for its distribution it is clear that supplies will not be available to all who need them or at the time they need them, even urgently or for the maintenance of essential services.

Against this background can we justify a programme for the production of increasing numbers of motor vehicles and the construction of the road space to accommodate them?

Some argue that a new fuel will replace petrol and that as a consequence the numbers of vehicles and mileage travelled will not decline.

The internal combustion engine burning oil or petrol is unique. I know of no ground for optimism that an alternative to the internal combustion engine will be found and that the total vehicle mileage will not decline.

We are devoting materials, energy and land to the creation of more road, much of which is to provide for greater use.

In my view the time has come to reconsider our attitude to vehicle production and to its use. Our present assumptions support policies and investment which to a large extent may be compounding the problems now rising over the horizon of our communal consciousness, and lead to the demolition of ill-founded expectations.

J. M. Milner,
The Guildhall, Cambridge.

Authority over UN units

From Professor R. Swift

Sir,—Your Jerusalem correspondent has got the history and constitutional status of the UN Truce Observation Organisation (UNTSO) wrong in reporting (July 30, p. 2) that "this group is subject only to the orders of the UN Secretary General and can be withdrawn by him without Security Council authorisation as happened before the six-day war." The force withdrawn in 1967 was not UNTSO, but the first UN Emergency Force (UNEF), and since the General Assembly established it, it was never subject to Security Council authority. U Thant acted on his own volition after Egypt requested that he withdraw UNEF, but it is extremely doubtful whether in fact the Secretary General has the constitutional right to terminate a UN peace-keeping operation established by either the General Assembly or Security Council. If Dr. Waldheim has learned anything from U Thant's controversial action and its disastrous aftermath, he would presumably be far more reluctant to take any action of such questionable constitutionality.

Richard N. Swift
(Professor of Politics,
New York University),
28, Pembridge Villas, W.11.

Cuts in public spending

From Mr. G. Blakey

Sir,—It has long been characteristic of trade union leaders and Labour politicians alike that they should greet any reflection on Socialist aims and methods with hysterical counter accusations against even the most impartial and constructive of critics. Bernard Dix of the National Union of Public Employees runs true to form (July 30) when he infers that the Financial Times is being alarmist and emotive in its arguments in support of cuts in public spending.

An observer less partisan than Mr. Dix might not only have refrained from referring to proposals to reduce the rate of growth of public spending as "a plot to demolish public expenditure," but might also have considered the wisdom of righting the imbalance that has grown up for political reasons between the productive (now largely private) and the non-productive (now largely public) sides of the economy. It should be obvious that the former, whether privately or publicly owned, has to run profitably in order to pay for the latter which, Mr. Dix conveniently fails to point out, now embraces far more than just hospitals, schools and other social services but some of the biggest names in the manufacturing and transportation industries.

The editorial to which Mr. Dix refers made a clear distinction between the areas where current spending cuts should and should not be made. It is a pity that Mr. Dix's political bias prevents him from making the same distinction.

G. G. Blakey,
Lyddon and Co.,
Austin Friars House,
2-6 Austin Friars, EC2.

Third London airport

From Mr. A. Mackay

Sir,—On the right side of the railway lines from Rainham to Purfleet there is a large area of land. Sheet 117 of the Ordnance Survey shows it running from northwest to southeast about 2½ miles long by ¾ of a mile wide extending to 1½ miles about half way along where the area protrudes into the Thames at a curve in the river. This land partly comprises the marshes which are doubtless the reason why it has not been developed for housing or factories. The survey indicates "danger" because of several rifle ranges. These ranges would imply that the area is owned by the Ministry of Defence which is at present the subject of an inquiry as to how much land could be disposed of.

Of the locations now being considered for a new London airport, some would involve the loss of valuable agricultural land, demolition of houses, etc., in residential areas. The Maplin sands project of the construction of an offshore island in the estuary, about 45 miles from London, would be very costly considering the colossal tonnage of rock and earth to be moved. Would it not be much cheaper to drain the marshes?

Many European services could be diverted from Heathrow and Gatwick, bringing most of Europe nearer to London with some saving of fuel. Rainham and Heathrow are roughly equi-distant from the West End and the former nearer to the City. London Transport and British Rail could combine to provide services to the new airport.

One important advantage, which should surely merit my plan being given serious consideration, is that there is very little housing nearby so round the clock flights including mails and cargo would be practicable.

A. G. A. Mackay.
37, Park West,
Marble Arch, W2.

Financial aid schemes

From the General Secretary Alliance of Small Firms and Self-Employed People

Sir,—We view with concern the report (July 12) that the Government is considering State backed, financial aid schemes aimed at "encouraging venture capital companies to provide equity for small companies." We are most surprised to see such a scheme attributed to this Government in view of the statements made in the Conservative party election manifesto and elsewhere that if elected they would reduce government intervention in industry.

In our experience the financial institutions are awash with funds which they are anxious to press on the private sector. For a number of reasons however including high interest rates and unacceptable conditions concerning equity in the company, the private sector is not interested in borrowing. We believe that it would be quite wrong for this Government to give what amounts to a subsidy to these institutions in order that they can relax their terms while passing on the risks to the taxpayer.

Before the election Mrs. Thatcher said: "If somebody comes to me and asks: 'What are you going to do for us small business men?' I say, 'The only thing I'm going to do for you is to make you freer to do things for yourselves. If you can't do it then, I'm sorry, I'll have nothing to offer you. You must understand this. If all you want is to be able to batten on somebody or something other than yourself, don't come to me, just go and vote Labour.'" We agree with this sentiment.

If the economy of the country is to recover a key issue will be the lowering of the general burden of taxation. Subsidies of the type proposed would exacerbate this problem.

(Mrs.) Teresa E. Gorman.
279, Church Road, SE19.

Today's Events

GENERAL

UK: Treasury figures of UK official reserves for July.

Bank of England statistics for capital issues and redemptions during July.

Confederation of Shipbuilding and Engineering Unions meet, Imperial Hotel, Russell Square, London.

National Coal Board annual report.

Duke of Edinburgh returns from Africa.

Euro-Japanese Exchange Foundation seminar "European Business Climate for Japanese Enterprises" continues, Lane End, High Wycombe.

Overseas: Commonwealth Heads of Government Conference continues in Lusaka.

King Olav of Norway begins six-day visit to Isle of Man during Manx celebration of 1,000 years of Parliament, Tynwald, *established by the first Viking* rulers.

Sir Kenneth Cork, Lord Mayor of London, on Far East tour visits Penang and meets Dr. Lim Chong Eu, Chief Minister.

Rumanian Foreign Minister begins three-day visit to Paris.

Chinese agricultural delegation in West Germany.

COMPANY RESULTS

Final dividends: W. G. Allen and Sons (Tipton). Amber Industrial Holdings. James Austin Steel Holdings. Gnome Photographic Products. London and Gartmore Investment. Midland Trust. Wm. Ransom and Son. **Interim dividends:** Hoover. Law Debenture Corporation. **Interim figures:** Reed International.

COMPANY MEETINGS

Anderson Strathclyde, Central Hotel, Glasgow, 12. Bradford Property Trust, Victoria Hotel, Bradford, 12. Brent Chemicals, Skyline Hotel, Hayes, 12. British Cinematograph Theatres, 9-11 Richmond Buildings, W, 12. Chloride, London Hilton, W, 11. A. Cohen, 8 Waterloo Place, SW, 12. Comfort Hotels International, Henry VIII Hotel, W, 10.30. Heywood Williams, Cafe Royal, W, 12. M.K. Electric, Chartered Accountants Hall, EC2, 12. Milbury, Midland Hotel, Manchester, 12. Christopher Moran, Savoy Hotel, W, 12. Reed International, Institution of Electrical Engineers, W, 12. Renold, Wythenshawe, Manchester, 2.30. Sutcliffe Speakman, Midland Hotel, Manchester, 12.30. Valor, 4 Dowgate Hill, EC, 12.15. Tollemache and Cobbold Breweries, Ipswich, 10.30.

Dixons Photo. ahead to £10.7m and hoists dividend

A 12.6 per cent profits increase and a sharply higher dividend are announced by **Dixons Photographic**, the cameras, television and pharmaceutical retail stores group. The group is also making a one-for-three scrip issue.

Taxable profits in the year to April 28, 1979, rose from £9.52m to £10.72m on turnover ahead from £185.3m to £207.6m. At midway when pre-tax profits were up 15.6 per cent to £5.51m, Mr. Stanley Kalms, chairman, said the indications were that the year-end results would again show a satisfactory growth.

The final dividend of 2.7947p net per 10p share lifts the total from 2.4175p to 3.8047p. After tax of £864,000, against £1.18m, stated earnings per share are ahead from 22.4p to 26.2p.

Dixons retail division raised taxable profits from £3.32m to £4.8m. The processing side went ahead from £692,000 to £884,000, manufacturing from £322,000 to £451,000 and the property operations from £530,000 to £907,000 which includes £594,000 (£385,000) from disposals.

However, the pharmaceutical side saw profits drop from £1.02m to £831,000. The profits from overseas operations also fell, from £3.63m to £2.84m which includes Dixon Rinck and subsidiaries until the disposal date in August last year and profit from sale of listed trade investments of £738,000.

The extraordinary credit for the year is down from £848,000 to £284,000—the currency profit was cut from £1.25m to £25,000.

The dividend absorbs £1.43m, against £900,000, leaving retained profits at £6.7m, compared with £8.29m.

See Lex

HIGHLIGHTS

British Petroleum's shares slipped yesterday in the aftermath of the Nigerian Government's nationalisation of the group's Nigerian interests, and the Lex column looks at the group's possible scale of the impact on BP. At home some lacklustre figures were produced by Dixons, which still appears to be having troubles with its chain of chemist shops. Lex also looks at two developments on the takeover front. Eagle Star is talking to Bernard Sunley in which it has long held a 33 per cent investment, and Hanson Trust has come back with a renewed offer for Lindustries after being rebuffed in an approach nearly two years ago. Elsewhere, comments are made on Vosper and Automated Security while the retailing sector is represented by Hillards, Waring and Gillow and Martin Ford.

Mr. Stanley Kalms, chairman of Dixons Photographic which topped £10m last year.

Bromsgrove jumps to record £0.3m

Despite turnover down from £3.41m to £3.33m, pre-tax profits of **Bromsgrove Casting and Machining** jumped from £167,162 to a record £304,771 in the year to March 31, 1979. At half way the advance was from £19,247 to £96,403.

After tax of £172,000, against £95,500, yearly earnings are shown to have risen from 4.5p to 7.9p. The total dividend is hoisted from 2.2p to 3.5p with a final payment of 2.6p.

The company manufactures aluminium and non-ferrous castings.

A. Russell £309,000 higher

WITH AN improvement from £190,000 to £286,000 in the second half, **Alexander Russell** announces pre-tax profits £309,000 higher at a record £812,000 for the year ended March 31, 1979. Turnover rose by £3.2m to £13.19m.

First-half profits were up from £313,408 to £524,041 and the directors said then that the rate of increase in the second half was unlikely to be as much as in the first period. It was expected, however, to show an increase on last year.

Stated yearly earnings per 10p share were well ahead from 18.7p to 30.8p, while the dividend total is stepped up to 4p (2.243p) net with a final of 2.312p. A three-for-two scrip issue is also proposed.

The pre-tax result was struck after a £42,000 (nil) provision for the proposed employee share scheme. Tax takes £160,000 (£106,000) and attributable profits increased from £380,000 to £621,000. No provision has been made for deferred tax and comparisons have been restated.

The group is engaged in the distribution of fuel and building supplies, quarrying, quarry management, and coal recovery.

Yeoman Trust progress: loan repayment

For the six months ended June 30, 1979, **Yeoman Investment Trust** has increased its profit before tax from £655,607 to £402,590. The interim dividend is being stepped up by 1p to 4p per 25p share, partly to reduce disparity with the final which was 5.625p last time.

The company has arranged to repay U.S. $600,000 of its foreign currency loan which matures on August 6, and to renew the facility for up to three years in the amount of $1.5m.

Gross income for the half year came to £535,866 (£469,289); and net revenue was up from £227,607 to £270,621 after tax of £131,969 (£128,000).

At June 30 net asset value stood at 264.9p (232.8p) per share.

Cableform down on forecast

ALTHOUGH recovering to £372,899 in the second half, profits of **Cableform Group** did not reach the level anticipated and the total for the year ended March 31, 1979 finished £187,601 lower at £543,899.

When reporting a drop from £370,000 to £171,000 at half-time the directors said that profits had expanded rapidly in the third quarter and with a further significant increase predicted for the final quarter they expected final results to be similar to last year's.

Turnover of this control gear manufacturer increased from £3.65m to £4.33m. After a sharply lower tax charge of £8,440 compared with £254,747, net profit came out at £535,459 against £476,753. Earnings per 5p share are stated at 11.11p (10.61p).

The dividend is unchanged at 3.3p, with a final of 1.65p.

Martin Ford ahead to £0.7m at midway

AFTER A confident forecast at the year-end, **Martin Ford**, the women's wear group, raised taxable profits from £553,837 to £669,326 in the half-year to June 2, 1979. Turnover including VAT increased from £3.14m to £3.51m.

And the Board says turnover in the current period is ahead of last year. Two new branches have been opened and another three are due to be opened before the year end.

Despite the uncertain trading conditions, the directors are confident of further satisfactory increase in results.

After tax of £357,160, against £294,647, stated earnings per 10p share are up from 1.66p to 2p. The net dividend is lifted from 1.1p to 1.3p. Last year the total paid was 2.2445p on record taxable profits of £1.33m.

● comment

Martin Ford has done fairly well with pre-tax profits up by 21 per cent. But the sales gain of 12 per cent implies little in the way of extra volume though the company has added a line of school-age clothing to its more traditional ladies apparel. It has also opened two more branches this year and there are plans for a further three, though these will not work through to profits until next year. Projecting a full year dividend of 2.6p per share the shares yield a prospective 10 per cent at 38p. The company has demonstrated modest growth and should continue to do so for the rest of the year. Outside analysts are aiming for £1.65m this year — a prospective p/e of 7.7 which is a reasonable rating for the stock.

Courts to maintain progress

Maintained progress in the current year for **Courts (Furnishers)** is foreseen by Mr. E. G. Cohen, the chairman, in his annual statement.

He says the pattern of trading may well be uneven this year, although tax repayments in the autumn and low figures to beat in the final quarter mean that satisfactory figures should be achievable.

As reported July 3, pre-tax profits for the year ended March 31, 1979, rose by £1m to a record £5.89m, on turnover, including VAT, of £49.09m (£47.1m). UK results in the final quarter were adversely affected by bad weather, while overseas earnings were reduced as a result of the strength of sterling.

The dividend per 25p share is lifted from 3.54666p to 4.70233p net and a one-for-two scrip issue is also proposed.

In the directors' opinion, the estimated surplus over book value of the group's properties now amounts to some £10m. Of the 116 stores trading worldwide, 65 are freehold with 790,000 sq ft of showroom space, and 51 leasehold with 524,000 sq ft.

Group financing policy has remained conservative and borrowings at the year-end amounted to less than 14 per cent of group net assets, including the directors' valuation of properties and deferred profit.

The directors intend to keep gearing ratios at a low level, particularly with interest rates being relatively high, while allowing for a reasonable rate of expansion as and when opportunities occur.

Meeting, Morden, September 26, 11 am.

BABCOCK/KEELER

Babcock and Wilcox announces that the acquisition of **Keeler Corporation** was approved by shareholders at a meeting, representing 99.6 per cent of the outstanding shares. The acquisition was not, however, completed on July 31 as anticipated due to a delay in clearing formalities with a regulatory authority in the U.S.

Completion is now scheduled to take place on or about August 31, 1979.

HOVERINGHAM

Hoveringham Group has issued 419,788 restricted voting ordinary shares as part consideration for the acquisition of **Humberside Waste Disposal**. The total consideration was £331,700, of which £325,000 has been satisfied by issue of ordinary shares and balance by cash.

Shell Transport pays £300m lump sum to shareholders

Shell Transport and Trading is to pay £300.3m, as a lump sum to shareholders on October 1. The payment had been delayed by statutory controls, ended two days ago.

Such a distribution had been widely predicted and will be paid as a special net interim dividend of 27.184p per share to those on the register on August 24. UK residents are entitled to a tax credit equal to the amount of advance corporation tax referable to their dividends. The credit on the special interim dividend is 11.65p per share.

Shell initially thought of paying the postponed dividends over a period, once statutory controls were lifted. But the oil company decided on a single payment in the light of the changes in personal taxation and the investment income surcharge made in the recent Finance Act.

Waring & Gillow improves by some 40% to pass £5m mark

FOR the year to March 31, 1979 **Waring and Gillow (Holdings)** has achieved record profits. At the pre-tax level the advance was around 40 per cent to £5.03m, even after transferring £341,175 against £94,486 to deferred profit reserve and charging for the first time, depreciation on short leases of £169,680.

An effective increase of 55.916 per cent in dividend is announced. The final payment is 4p net for a 5.086774p (3.26251p adjusted) total, costing £772,353 (£478,594). Earnings per 25p share rose from 15.67p to 21.77p.

Including an £9.48m (£6.64m) contribution from the clothing division, group turnover—net of VAT — amounted to £37.72m (£44.93m). Tax of £1.69m (£1.19m) has been reserved, and the available balance on profit was £3.34m (£2.41m).

The directors report that the results have been achieved despite the disruption to normal trading in January and February, caused by the hard winter.

The Hartley Carpet chain of 35 specialist carpet shops, acquired in March 1978, made a significant contribution to profits in its first twelve months trading.

The clothing division, which gave a profit of £195,137 (£117,970) for the year, is still experiencing difficult trading conditions but has made a significant improvement. This has been possible because of considerable rationalisation, which is continuing, and by strengthening the management team.

● comment

The market was pleased with Waring and Gillow's full-year results, which were not affected by the slowdown in national furniture demand in the second half. Against a background of a modest national increase in furniture trading generally for the year, the company boosted its own sales by a third. This increase includes a "significant" contribution from the newly-acquired Hartley chain and lifts total carpet share to roughly a quarter of the furniture business's profits. To some extent the company is cushioned from the effects of any squeeze on consumer spending by being in the top end of the furnishings market. Elsewhere, the small clothing operation is still struggling along although rationalisation has led to a minor improvement. Overall, the company looks entrenched enough to continue its growth trend, especially if carpet sales make the expected recovery and hard-pressed clothing margins can be restored. At 147p the shares are on a p/e of 6.6 while the yield is 5 per cent.

Recovery trend at Reed Paper

FOR THE second quarter of 1979, **Reed Paper**, Canadian subsidiary of Reed International, reports a turnround from Canadian $2.5m losses to $7.45m earnings before extraordinary items. This left six months earnings at $11.77m compared with a $6.98m deficit, on sales up from $108.82m to $150.01m.

After extraordinary income tax credits of $5.55m ($0.35m), net earnings for the half year were $17.32m or 81 cents per common share, compared with losses of $6.63m or 41 cents per share in the same period of 1978.

Net earnings for the second quarter, after the extraordinary tax credit, were $11.13m, against a $2.15m deficit.

Mr. D. A. MacIver, president and chief executive, says the outlook for the rest of 1979 is buoyant, and earnings for the second half are expected to be at least comparable with those of the first six months.

Nevertheless, he says the outlook beyond 1979 is somewhat pessimistic due to the expected economic downturn in the U.S. Mr. MacIver also expresses concern about the company's reliance on the low level of the Canadian dollar.

	First half 1979 C$000	1978 C$000
Sales	150,006	108,816
Operating earnings	23,425	3,258
Interest payable	7,536	6,330
Other income	4,833	825
Making earnings	20,722	12,246
Discont. operations loss	—	8,111
Earnings before tax	20,722	†8,357
Tax	8,953	413
Share of joint venture companies	—	1,790
Earnings	11,769	†6,380
Extraordinary credit‡	5,547	350
Net earnings	17,316	†6,880

* Reclassified to reflect the loss of the operations discontinued in 1978 which includes sales of $120,683,000, operating loss of $2,899,000 and allocated interest of $3,712,000. † Loss. ‡ Income tax reduction due to losses carried forward.

The company is continuing its capital spending programme for both modernisation and environmental protection at Dryden and expects the Ministry of the Environment to issue a notice of intent for a control order within the next few weeks.

Mr. MacIver says he hopes "the notice will recognise the economic realities of the situation and provide for the balanced spending between modernisation and environmental protection which is necessary to assure Dryden's future viability."

Halma looks for record

Profits for the first quarter were ahead of those for last year, Mr. David Barber, chairman of Halma, told the annual meeting.

He added that he was confident profits for the first half would show an improvement on the record midway surplus last year.

The group makes industrial safety and environmental control products.

RESULTS AND ACCOUNTS IN BRIEF

ROSGILL HOLDINGS (ladies' and children's clothing retailer)—Results for May 26, 1979 year with prospects already known. Group fixed assets £320,923 (£209,017), net current assets £1,712,127 (£1,012,815). Net liquid funds increased by £159,334 (£748,102). In current year, turnover is substantially ahead after 8 weeks' trading. Chairman says early customer reaction to new season merchandise already introduced is encouraging. Meeting, Burton-on-Trent, August 28, 10 am.

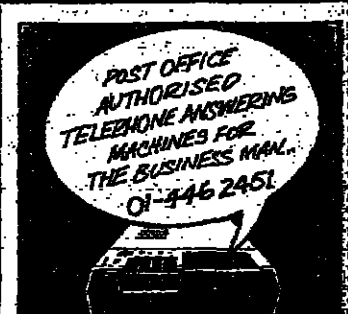
MOORGATE INVESTMENT — Results for year to May 31, 1979, already known. Investments listed at mid market value in UK £5.74m (£4.85m), overseas £461,048 (£421,505). Unlisted at directors' valuation £87,725 (£47,164). Chairman says revenue estimates indicate strong improvement and he is confident of further dividend increase. At June 30, 1979, Philip Hill Investment Trust held 18.4 per cent of ordinary capital. Meeting, 8, Waterloo Place, SW, August 28, at 3.30 pm.

COLONIAL SECURITIES TRUST COMPANY—Pre-tax revenue for six months to June 30, 1979, £237,100 (£230,500), after management expenses £24,500 (£24,800). Tax £94,300 (£90,500). Net asset value per 25p unit 322⅞p (348p). Interim dividend 2.5p (same) per deferred stock interim unit.

ARLINGTON MOTOR HOLDINGS—Results for year to March 31, 1979, and prospects, reported July 25. Group fixed assets £4.44m (£3.84m), net current assets £5.16m (£4.91m). Bank overdrafts: vehicle stocking facilities £2.23m (£1.82m); secured overdrafts £2.52m (£954,000). Chairman explains that untypically high level of bank overdrafts caused by postal strike and surge in vehicle deliveries. Overdraft and stocks now at substantially lower levels. Auditors Geo. Little Sebire and Co. point out that depreciation has not been provided on freehold buildings as required by International Accounting Standard No. 4. Information not available to quantify charge which would be arrived at by application of Standard. Meeting, Moorgate Place, EC, August 22 at noon.

WEBER HOLDINGS—Group pre-tax Setaoinet shret shet shet shrateo eta revenue for half-year to June 30, 1979 £65,384 (£53,399). Tax £30,893 (£25,500) leaving after-tax revenue £34,491 (£27,899). Stated earnings per 50p share 7.42p (6p). Interim dividend 2p (1.75p). Directors expect to recommend final of 7.5p. Company is a "close" company.

HERON MOTOR GROUP—Results for March 31, 1979 year with prospects reported July 18. On CCA basis historical pre-tax profit £3.53m (£3.08m) to £2.68m (£1.71m). Group fixed assets £15.02m (£12.38m), current assets £26.04m (£25.64m), creditors £17.63m (£14.37m). Shareholders funds £21.79m (£18.67m). Net bank borrowings reduced by £0.94m (£6.14m). Meeting, The White House, NW, August 29, noon.



SHARE STAKES

Second City Properties—Control Securities has purchased a further 205,000 ordinary bringing total to 1,105,000 (8.02 per cent).

Ambrose Investment Trust — Hume Holdings has acquired 42,600 shares making holding 482,550 (13.404 per cent).

Lyle Shipping—Kuwait Investment Office sold its entire holding of 253,000 shares (8.34 per cent) on July 24. Shares were bought by several Scottish investment institutions.

Astbury and Madeley (Holdings)—B. W. Stanton, director, has sold 38,000 shares.

Whessoe — William Press Investments on July 17 acquired interest in 60,000 shares. Interest now 905,000 (10.02 per cent).

Thurgar Bardex—Mrs. B. V. Fraser has sold 17,000 shares. A. B. Tuson has sold 14,033 beneficial and 5,218 non-beneficial.

Mercantile House Holdings: Britannia Arrow Holdings has acquired 275,100 shares (5.002 per cent).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Automated Security	0.77	Nov. 15	0.66	—	1.49
Brady Inds.	3	—	1.75	3	3.5
Bromsgrove Casting	2.6	Nov. 1	1.4	3.5	2.2
Dixons Photo.	2.79	—	1.51	3.8	2.42
Martin Ford ....int.	1.3	Oct. 8	1.1	—	2.24
Hwkr. Siddeley spc. int.	2.94§	Sept. 21	—	7.5	4.12
Hazlewoods	2.35	Oct. 1	1.5	4	3
Hillards	5	Oct. 8	3.93	7	4.93
Alex. Russell	2.31	Sept. 12	0.8	4	2.24
"Shell" Trans. spec. int.	27.18	Oct. 1	—	—	*8.77
R. Smallshaw ....int.	0.5	Sept. 6	nil	—	1.25*
Waring & Gillow	4	—	*2.29	5.09	*3.26
Vosper ....int.	2.6	Sept. 21	2.5	—	5.19
Yeoman Trust ....int.	4‡	Sept. 14	3	—	8.63

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Partly to reduce disparity. § As forecast.

Vosper profit will drop: pressing on with claim

THE TWO major uncertainties of compensation and possible denationalisation have made the task of redeveloping the Vosper group "doubly difficult." But with the second uncertainty now removed, the directors hope that the other will be settled "given a reasonable approach by all concerned."

In their interim report the directors point out that in the uncertain circumstances forecasts for the year ending October 31, 1979, indicate that profit, including investment income, will be somewhat less than the £1.69m achieved in 1977-78.

Consequently, they have decided that the current interim dividend should only reflect the change in income tax rate, and it is increased from 2.5p to 2.8p net per 25p share. Any forecast of the final (2.6912p last time) is to be deferred until a reliable assessment can be made of the likely progress in resolving compensation and consequently the group's investment income.

Figures for the half year ended April 30, 1979 show a reduction in turnover from £8.35m to £7.48m and a decline in pre-tax profit from £918,608 to £795,981. Investment income has improved from £129,362 to £153,518, and includes interest received on £1.39m 9¼ per cent Treasury Stock 1981 issued on account of compensation. No account has been taken of interest accruing from July 1, 1977 on further issues of Government Stock to be made for compensation, the total amount of which has yet to be determined.

Earnings per share for the period are stated to be 6.28p, compared with 9.26p a year earlier.

	First half 1979	1978
	£	£
Turnover	7,475,430	8,347,015
Trading profit	951,092	849,941
Depreciation	107,453	76,205
Interest payable	1,178	37,065
Investment income	153,518	129,362
Assoc. provision	200,000	47,425
Profit before tax	795,981	918,608
Taxation	417,303	362,192
Minority	—	1,618
Earnings	378,678	558,034
Investt. revaluatn.	458,016	116,688
	836,694	674,722
Attributable	836,694	674,722

The directors express disappointment that the Government has decided, at present, not to introduce private sector finance into the shipbuilding industry, as they would welcome the return of those companies nationalised. But they will press with renewed vigour for "an early and just settlement" of the company's claims, and look to the Government "to put its principles into practice."

● comment

Whatever level of profit Vosper makes this year, and the portents are not encouraging, its impact will be dwarfed by the renewed effort to achieve nationalisation compensation. De-nationalisation looks to be slipping over the horizon so the group is looking for compensation of at least £80m against a Government offer which still stands at £4m. Much depends on the success of this fresh initiative and recent calculations as to how the group's state-owned cousin Vosper-Thorneycroft made a recently reported pre-tax profit of £10.73m suggests that the door on de-nationalisation may not be completely closed. Meantime, the additional provision against the David Brown-Vosper (Offshore) associate must be seen as a disappointment and, on a possibly conservative assumption that the total dividend will be no more than maintained, the resultant yield of 3.75 per cent at 201p, down 11p yesterday, compares rather badly with the return on 9¼ per cent Treasury Stock 1981.

M. L. Meyer makes good start

Montague L. Meyer, the timber merchant has made a better start to the current year than last time both in turnover and profit, Mr. John Meyer, Chairman, says in his anual statement.

"It is difficult to forecast too far ahead," he continues, "but we are certain to enjoy a very good nine months' trading from all sections of business, and surely the last three months cannot be more difficult than those for the year under review, so that I expect this year to show an increase."

Looking further ahead, Mr. Meyer says indications for 1980/81 are complicated. He feels that circumstances will be rather different from the slump conditions of 1974/75, when there was massive worldwide over-production and vast stocks.

These factors are now under tighter control and the world seems more prepared for large increases in oil prices, the chairman says. "I believe this business can progress under all conditions and I hope that 1980/81 will prove no exception."

As reported on July 17, pre-tax profits for the year to March 31, 1979 rose 19 per cent from £12.95m to a record £15.45m on turnover 12 per cent up at £277m. On a CCA basis, the taxable surplus was down from £14.3m to £8.9m.

The chairman says group manufacturing companies increased activity and profitability, while merchants and retailers for the most part made satisfactory progress. Overseas companies also produced better results.

The Hallam Group, of Nottingham, which is 50 per cent owned, still contributed a loss, although a smaller one, and he expects a satisfactory business to emerge there in the future.

Group fixed assets reached £42.68m (£36.39m) at balance date, while net current assets stood at £47.88m (£48.25m). Working capital increased by £15.59m, against £4.54m. Bank indebtedness rose by £17.11m (£15.21m decrease).

Meeting, Charing Cross Hotel, WC, September 4 at noon.

Midway upsurge for Clarke Nickolls

Profits before tax of Clarke, Nickolls and Coombs, property investment and development group, were well ahead from £158,689 to £310,540 for the first half of 1979. In the last full year, the result had more than doubled from £515,596 to £1.16m.

Net rents and fees for the half year increased from £191,785 to £326,791 and there was a turnround from a net trading loss of £12,522 to a £7,711 profit.

Attributable profits were up from £118,508 to £178,332, after tax of £130,000 (£40,000) and minorities, £2,208 (£2,181).

The company paid diivdends totalling 2.1897p in 1978—the interim payment is usually announced in December.

GRA expands to £169,000 at midway

Pre-tax profits of GRA Property Trust, the greyhound racing, catering and property group, advanced from £98,000 to £169,000 in the half-year to April 30, 1979, after lower interest of £336,000, against £475,000.

The directors say greyhound racing was hit by the bad winter with a consequent reduction in the half-year's leisure profits. With improved conditions in May and June, lost ground has been made up, they add, and the full year should reflect progress over 1977-78, when the taxable surplus was £572,000.

Turnover for the half-year reached £4.83m (£4.76m). Operating profit was lower at £601,000, compared with £691,000, to which was added reduced rental income of £19,000 (£31,000), while group overheads took £115,000 (£149,000).

A further payment of £316,000, representing 10p in the pound and making a cumulative total of 65p, was paid or provided on July 31 for claims admitted from unsecured scheme creditors.

Hillards lifts payment by 42%

INCLUDING LOSSES of £462,000 from the now closed Capital Discount Stores, taxable surplus of Hillards, supermarket group, were ahead from £2.31m to £2.54m for the 52 weeks to April 28, 1979. Profits on continuing operations increased by 29.8 per cent to £2.99m.

Stated yearly after-tax earnings declined from 36.21p to 26.88p per 10p share, but the dividend total is lifted by 42 per cent to 7p (4.9301p) net, with a final of 5p. A one-for-one scrip issue is also proposed.

Turnover, including VAT, rose from £82.9m to £103.76m, boosted by a £9.95m contribution from Capital Discount. These stores, which were acquired in June, 1978, were all closed by March, 1979 when it became clear that their initial trading loss would continue at a higher rate and for a longer period than had been budgeted.

At the interim stage, profits were virtually unchanged at £1.18m (£1.15m), after trading losses of £275,000 from Capital Discount.

Tax charge was higher at £966,000 (£206,000) and after a £69,000 extraordinary debit this time, available profits were reduced from £2.11m to £1.5m.

The extraordinary item represents net closure costs relating to the cessation of the Capital Discount operation after related tax relief.

During the year, a 33,500 square feet store was opened at Mickleover, Derby. Four large stores are due to open during the current year—one at Batley later this month and others at Huddersfield, Oldham and Selby early in 1980.

● comment

Although Hillards' full-year results have been dulled by closure costs and £0.4m loss incurred by Capital Discount, the underlying picture is encouraging. Excluding CD, profits are up by 30 per cent with margins —at 3.2 per cent (2.8 per cent) —on a par with Tesco's and Sainsbury's, thanks partly to higher sales of fresh food. Running costs were also contained and food retailers generally are seeing better margins. It is too early to make a forecast for the current year but sales growth appears to be picking up with inflation. In closing down the limited range discounting operation, Hillards clearly feels it should stick to its tried and tested formula. Over the next 12 months it plans to boost supermarket selling space by almost a fifth—mainly superstores with an average size of about 28,000 sq ft. This will cost roughly £4m and will be financed mainly out of cash flow. At 340p the shares are on a p/e of 12.6. A yield of 3 per cent compares with a sector average of 4.3 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Anglo-American Coal, Automated Securities, Beaumont Properties, East Lancashire Paper, Hoover, Law Debenture, Rentokil, River and Mercantile Trust, River Plate and General Investment Trust, Tricentrol, Thomas Witter.

Finals—W. G. Allen (Tipton), Amber Industrial, James Austin Steel, Peter Black, Geevor Tin Mines, Gnome Photographic, Govett European Trust, Hales Properties, London and Gartmore Investment Trust, Midland Trust, W. E. Norton, William Ransom, William Sommerville, Stenhorp.

FUTURE DATES

Interims—	
British Aluminium	Aug. 15
Royal Dutch	Aug. 16
Scottish United Investors	Aug. 8
Shell Transport	Aug. 16
Slough Estates	Aug. 29
Finals—	
Acorn Secs.	Aug. 7
Cooper Inds.	Aug. 8
Kamunting Tin	Aug. 8
Southern Kinta	Aug. 8
Sunley (Bernard)	Aug. 13
Unitech	Aug. 7

Automated Security jumps to £0.62m and confident

TAXABLE PROFITS of Automated Security (Holdings), the security alarm systems group, jumped from £282,000 to £620,000 on turnover well ahead from £2.69m to £5.13m in the half year to May 31, 1979.

The board says that all divisions are trading satisfactorily, and that second-half turnover should continue at or above the present level with increased margins.

At the year end pre-tax profits had doubled to £1.02m. The figure incorporated eight months of Brock Alarms.

Shareholders were told in the annual report that the group would continue to strengthen the density of the security rental operations and with the acquisition of E. Pincott and Co. and Combat Alarms it expected to consolidate 5,000 systems from these two groups. The directors were confident of a stronger trading and balance sheet position than ever before.

Tax for the half year takes £44,000 (£39,000), and stated earnings per 10p share are well ahead from 3.9p to 6.52p. The interim dividend is raised from 0.66p net to 0.77p. Last year's total payment was 1.4865p.

● comment

Profits from Automated Security continue to plough forward, and with the alarms division of Brocks now fully integrated, profits this year could top £1.6m. Automated has carved out a sizeable niche in a growth industry—a fact fully reflected in the share price which, despite the weakness of the market in recent months, continues to make headway. Now at 163p the prospective p/e (assuming a minimal tax charge Automated has more than enough first year allowances to offset any liability) comes out at 9.4. The yield is meagre 1½ per cent. Current trading is described as buoyant and in the first six months the £1.25m increase in rental assets takes the gross figure to over £10m with a rent roll of some £4m a year. New rental assets are financed out of cash flow and though Automated has a fair chunk of term debt, the half-time interest charge is £250,000, most of this came in with Brocks—and for a rental company the proportion of debt to capital employed at 35 per cent is not heavy. The shares are likely to continue showing relative strength.

Hazlewoods advances to £521,000

WITH ALL the increase coming in the second six months, pre-tax profits of Hazlewoods (Proprietary) moved ahead from £401,000 to £521,000 for the year ended March 31, 1979. The half-time result was static at £204,000.

Turnover of the group, which processes vegetables and makes sauces and condiments, increased by £1.7m to £6.09m.

The directors say the capital investment programme of the last few years, combined with aggressive marketing, will provide organic growth.

In addition, they say the company is aware of the benefits from acquisitions and with this in mind, they are certain that next year will further strengthen its position.

Tax takes £30,000 (£9,000) and fully diluted earnings per 20p share are given up from 9.17p to 11.52p. A net final dividend of 2.35p raises the total payout up 1p to 4p.

Wrighton outlook

Policies that F. Wrighton and Sons (Associated Companies), furniture maker, has put into effect during the past two years are gradually coming to fruition, although the directors state that the return currently obtained on capital employed is not yet satisfactory.

The group's capital expenditure programme is now completed and the directors hope the company will be well equipped enough to meet the future and overcome whatever change there may be in the economic climate of the country.

As reported on July 11, pre-tax profits for the year to March 31, 1979 improved from £306,000 to £491,000.

A statement of source and application of funds shows an increase in working capital of £212,000 (£360,000).

Meeting: Brampton Works, E, September 4, noon.

Expansion at Brent Walker

Brent Walker, the UK leisure group, announces plans to add to the existing leisure facilities offered at Hackney Stadium, in north London, and to develop areas of land that are not at present utilised into light industrial and warehousing sites.

In addition to the current activities of Hackney, it is proposed to add the first drive-in cinema, monthly car auctions and an extension to the catering facilities.

Over 85,000 sq ft of light industrial and warehouse development will also be put in hand, using land that is currently under utilised and bringing new job and commercial opportunities to the area.

MH CREDIT

The businesses formerly known as Ocean Acceptances and TKM Credit Corporation will in future be known as MH Credit Corporation, a UK instalment credit company.

General Mining Group

COAL MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE, 1979

(Both Companies are incorporated in the Republic of South Africa)
(All figures are subject to audit)

Shareholders are reminded that quarterly results are not necessarily indicative of the results which may be expected over a full year.

TRANS-NATAL COAL CORPORATION LIMITED

	Quarter ended 30.6.79	Quarter ended 31.3.79	Comparative Quarter Previous year 30.6.78	12 months to 30.6.79	12 months to 30.6.78
Tons sold ('000)	6,397	6,026	5,237	22,865	20,795
GROUP INCOME	R(000)	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	8,034	8,647	7,848	32,389	30,995
Add: Financing and sundries	1,056	1,742	793	2,049	1,275
	9,090	10,389	8,641	34,438	32,270
Deduct: Taxation	1,555	2,654	2,280	10,658	9,831
Outside shareholders' interest	998	1,257	653	4,209	3,738
Interest of joint venturers	(92)	289	85	(1,855)	(409)
NET GROUP INCOME	6,629	6,189	5,623	21,426	19,110
CAPITAL EXPENDITURE	3,153	8,237	6,012	21,469	13,197
Number of ordinary shares issued ('000)				50,935	50,870
Earnings per share (cent)				42	38
Interim dividend (cent per share)				10	8
Final dividend (cent per share)				14	10.5

Note: Decline in mining income in spite of increased sales tons during the current quarter compared with the previous quarter is mainly attributable to a price adjustment at Hlobane Colliery, increased export costs at Ermelo Mine and a provision for restoration at Transvaal Navigation Collieries No. 2 Opencast.

On behalf of the Board
G. CLARK
S. P. ELLIS Directors

THE CLYDESDALE (TRANSVAAL) COLLIERIES LIMITED

	Quarter ended 30.6.79	Quarter ended 31.3.79	Comparative Quarter Previous year 30.6.78	12 months to 30.6.79	12 months to 30.6.78
Tons sold ('000)	1,292	1,073	1,216	4,992	4,617
INCOME	R(000)	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	1,914	1,889	1,858	7,537	6,021
Other income	140	222	234	1,067	613
	2,054	2,111	2,092	8,604	6,634
Deduct: Taxation	541	631	(500)	2,605	1,245
NET INCOME AFTER TAXATION	1,513	1,480	2,592	5,999	5,389
CAPITAL EXPENDITURE AND LOANS	1,963	1,430	784	4,776	2,184
Number of stock units issued ('000)				10,098	10,098
Earnings per share (cent)				59	53
Interim dividend (cent per stock unit)				8	6
Final dividend (cent per stock unit)				18	9

On behalf of the Board
D. GORDON
G. CLARK Directors

Secretaries:
General Mining and Finance Corporation Limited
6 Hollard Street
Johannesburg 2001
2 August, 1979

London Office:
Princes House
95 Gresham Street
London EC2V 7EN

First quarter fall for Powell Duffryn

FIRST QUARTER profits of Powell Duffryn are down, Mr. C. S. Aston, chairman, told the annual meeting. He said this was due to the poor results of the engineering division which suffered a loss in April principally because of the Hymac strike which ended early in May.

The results have also been affected by high interest rates, added Mr. Aston.

But profits of the remaining *activities, particularly shipping* and fuel distribution, showed a satisfactory improvement over last year.

Taxable profits of the group fell last year from £15.01m to £12.18m.

Mr. Aston said they have signed agreements to purchase an investment in IBH Holding AG of Mainz, West Germany and the sale of Hymac to IBH at the end of 1979.

"*We have considered for some* time that it is in the long-term interests of Powell Duffryn and the industry that some rationalisation should take place in Europe among construction equipment manufacturers."

The group has also signed the agreement to buy Southwest Pipe and Supply Company of Phoenix, Arizona, and its subsidiary National Pump Company which produces deep well water pumps for irrigation. "Not only is this Powell Duffryn's first engineering acquisition in the U.S. but it is entry into a field which we believe has significant growth potential," added the chairman.

Improvement continues at Morgan Edwards

AFTER the midway recovery from a £116.058 loss to a profit of £5.000, Morgan Edwards finished the year to March 31, 1979, with a taxable surplus of £30,000, against a £492,000 less. This includes losses from discontinued operations of £77,000, compared with £247,000.

The directors of the food distributor say the improvement in the company's trading position has continued into the current year. Although there is again no dividend, they expect to resume payments in 1979-80.

Turnover for the year of £22.72m (£23.41m) includes £5.79m (£9.09m) from discontinued operations. There was a tax charge of £15.000, against a £34.000 credit.

Attributable profit came through at £248.000 (£819,000 loss) after an extraordinary *credit of £233.000 (£361,000* debit). Earnings per 10p share are given as 0.5p, compared with a 19.6p loss. Net asset value is shown to have doubled to 30p (14.5p).

The directors say the integration of the retail stores of the recently acquired Paddys and Suma Cut Cost (Foods) has been substantially completed and the planned operating *benefits and* economics are being achieved.

The company is soundly based to continue development by internal growth and acquisition and opportunities are being actively pursued, they add.

The turnover and results of continuing operations in 1978-79 include the continuing activities of Paddys and Suma Cut Cost *(Foods) for the period January 6* to March 31, 1979. Figures for 1977-78 have been restated to include Luther Lewis and Sons, John Edwards (*Wholesale* Grocers) and certain closed stores under discontinued operations.

Gulliver Foods' interest in the company is now 29.91 per cent, the directors say, with options to buy a further 75,000 shares.

Second-half recovery at Brady Inds.

A SHARP second-half recovery meant that taxable profits of Brady Industries, *the door and* lift-making group, surged from £13,125 to £409.184 in the year to March 31, 1979.

And with the addition this time of £43.758 deferred tax release on stock relief of earlier years and *£45.944 extraordinary* credit, the profit was pushed up to £890.886 before tax.

The directors say the return to profitability is the result of the group's rationalisation and development programme. The *cost of this, which has been* fully provided for, was greater in the first half although the benefits did not show until the second half.

Current order levels are satisfactory, although they are *cautious about the Government's* proposed public sector cuts which must affect the door market.

Although there was no interim dividend, a final of 3p net is being paid. This compares with a 3.5p total last time.

After tax of £245.100 (£22.813) there was a net profit of £645.786, against a £9.688 loss. Earnings per 25p share are given as 16.3p (4.0p loss) which includes 11.9p for deferred tax released because of stock relief write off for the years ended March 31, 1974 and 1975.

Smallshaw ahead to £155,000

Increased profits and restoration of the interim dividend are announced by R. Smallshaw (Knitwear) for the half year to March 31, 1979.

Taxable profits went up from £130,000 to £155,000 on turnover ahead *from £2.12m to £2.66m.* The net interim dividend per 10p share is 0.5p. Last year the group paid an adjusted total of *1.25p on taxable profits of* £344.891.

The directors say the year started moderately well with sales of fully-fashioned garment being particularly good. But once again low demand and poor *spring weather hit Castle Knitwear.*

The Board adds that it is doubtful whether this company *will make any significant contri*bution to group profits this year. A determined effort is being made to improve its profitability.

Tax for the half year takes £80,600 (£67,600) and after-tax profits come out at £74,400, against £62,400. The dividend absorbs £12,500.

Souza Cruz well ahead

Souza Cruz, the Brazilian tobacco manufacturers, in which British American Tobacco holds a majority stake, turned in Cr 1.3bn ($50m) net profit for the first half of 1979. This compares with a net profit of Cr 745m *($25.6m) for the first* half of 1978—a 75 per cent increase.

Turnover was Cr 31.23bn ($1.2bn), against Cr 22.8bn ($878m).

The company distributed dividends of Cr 609m ($23.5bn) for the first semester of 1979, compared with Cr 435m ($16.7m) —a 40 per cent increase that falls short of the 12-monthly inflation rate of 45 per cent.

JESSEL TRUST

An application to the High Court for an approval of a scheme of arrangement of the share capital of Jessel Trust has been adjourned. A further circular is to be sent to shareholders shortly.

Now an Australian coal headache for BP

BY KENNETH MARSTON, MINING EDITOR

WHILE SMARTING from the news of the nationalisation of its Nigerian oil interests, British Petroleum has suffered a sharp disappointment with the progress of its £213m purchase of Clutha Development, one of Australia's *leading coal producers.*

James Forth reports from Sydney that the New South Wales *coal* operation has encountered a severe setback in the first half of this year. Earnings have slumped to A$487,000 (£243.500) from A$12m in the same period of last year.

The main cause of the setback was a seven-week dock strike at Port Kembla and Balmain which reduced revenue by A$16.5m to *about* A$89m. As a direct result of the disruptions, demurrage on delayed ships was A$1.64m—two-and-a-half-times the charge in the previous year.

Congestion is still being experienced at export outlets, *despite the diversion* of the coal through the port of Newcastle. Clutha directors believe it is unlikely that lost tonnage will be *recovered* this year.

The Australian coal export levy has had a much greater impact because of the reduced earnings, A$4.9m compared with A$5.4m in the prosperous first half of 1978.

Not *surprisingly,* Clutha directors have attacked the Federal Government's decision to continue the levy beyond the earlier promised cut-off date of June 30, 1979.

They said the Government's turnaround not only undermined the base on which to plan operations but also would have a "disastrous" *effect on the profit*ability of the coal industry in general. If the industry was to remain economic, particularly the underground mines, in NSW, the Government should re-think its decision, they added.

*Clutha is the second NSW col*lier to report a sharp earnings setback. The Gold Fields group's Bellambi last week reported a pre-tax loss of A$2.9m which was attributed to port stoppages and maintenance of the export levy, *which cost Bellambi A$4.5m.*

BP bought Clutha from the Daniel K Ludwig group in two steps (early in 1977 and in mid-1978).

Last week it was announced that BP had Australia's Western Mining Corporation an option to acquire *a 50 per cent stake in* Clutha as part of a deal under which BP is to obtain a 49 per *cent interest in WMC's promis*ing, and huge, Olympic Dam copper-uranium project at Roxby Downs in South Australia.

FINANCING FOR PINSON PROJECT

The Royal Bank of Canada has committed itself to a C$10m (£3.8m) project loan and C$2m overrun financing for the Pinson open-pit gold project in Nevada.

This is subject to the sponsors spending C$3m. They have already spent C$1m. The sponsors are Lacana Mining, Rayrock Resources and United Siscoe Mines plus the vendors of the property.

The project, *which* has reserves of 1.4m tonnes grading 0.18 oz. gold per tonne and 3m tonnes of 0.08 oz. grade gold, is looked upon as a 1,000 tonnes per day operation starting next year.

The sponsors say that with gold at U.S.$225 the bank loan would be repaid in less than three years.

Philippines copper profits

THE LATEST news of sharply increased profits from the copper producers comes from those in the Philippines. Our Manila correspondent reports that Atlas Consolidated Mining and Development has earned Pesos 147.1m (£8.7m) in first half 1979 compared with only P10.5m a year ago.

Atlas is the Philippines' biggest producer of copper with *three mine-mill facilities in Cebu* Province. Apart from higher copper prices, the group has also enjoyed good returns on its gold *and silver* by-products in the past six months.

Next in size is the Marcopper Mining Corporation operation on Marinduque Island. The company's first half profits have expanded to P115.4m from P52.7m *in the same period of 1978.*

In the latest period, Marcoppers' exports fetched average prices of 88 cents per lb. for copper and $245 per oz. for gold. These compare with respective prices of 57 cents and $176 in first half 1978.

Finally, Marinduque Mining and Industrial Corporation has turned in a profit for the first *five months of this year of* P95.5m. This makes a dramatic turn-round from the same period of last year when there was a loss of P58.9m.

In addition to its copper mining activities, Marinduque is also a producer of nickel, cement and cobalt.

Trio rejects Saint Piran election bid

Mr. Max Lewinsohn and his colleagues *Mr. R. H. Morley and* Mr. F. T. Seow have changed their minds about trying to get on to the board of Saint Piran at the next annual meeting.

Shareholders with over 5 per cent of the Saint Piran equity *put their names forward on* July 26 to be elected as directors at the annual meeting in September or October. This seemed to herald a re-run of the trio's unsuccessful battle to get on the board in April.

*But Mr. Lewinsohn said yester*day that he and his colleagues would not stand for election after all. On further reflection further their campaign to they had decided they could further their campaign to "*restore the image and standing* of the company" beter from the outside.

Directorships might hinder their cause rather than help it, he said. They might be precluded from revealing information about the company and raising matters at AGMs as directors. It might also be difficult to continue contact with authorities.

The danger of failing to win places on the board was not a major factor in their decision, he added.

Weber Hldgs. over £65,000

Improved pre-tax revenue of £65.384, against £53,399, is shown by Weber Holdings, investment and property holding company, *for the first half of 1979.* Tax was up from £25,500 to £30,893 for earnings per 50p share 1.42p higher at 7.42p.

The net interim dividend is raised to 2p (1.75p) and the Board expects to pay a final of not less than 7.5p. Last time a 10.75p total was paid from pre-tax revenue of £130,000. The company has close status.

WINDING-UP ORDERS

Orders for the compulsory winding up of L. J. Waters and Elmanor were made by Deputy Judge Mr. Michael Wheeler, QC, in the High Court yesterday.

A compulsory order against Ellis and Co. Building Services, made on July 30, was rescinded and the petition dismissed by consent.

LONRHO/DUNFORD AND ELLIOTT

At the adjourned meetings of the holders of the 8 per cent unsecured loan stock 1980-85 *and* the 8 per cent convertible unsecured loan stock 1981-86 of Lonrho held yesterday, extra*ordinary resolutions were duly* passed sanctioning the issue by Lonrho of second mortgage debenture stock to the holders of debenture stock of *Dunford* and Elliott.

Accordingly, the scheme sanctioned by the holders of the debenture stock of D and E on July 10 and providing for the exchange of their debenture stock for second mortgage debenture stock of Lonrho will now become effective.

Good first half at Saudi Intl. Bank

Shareholders' funds in Saudi International Bank rose during the first six months of 1979 from *£27.76m* to £40.91m and total assets from £487.66m to £606.49m.

The increase in shareholders' funds was due to earnings generated in the six month period and to an increase in the paid up capital. Of this increase £12.28m was subscribed for in cash by the shareholders and the remaining £270.000 represents a bonus issue of shares.

Mixed start for Culter Guard Bridge

In the current year, profits to date at Culter Guard Bridge Holdings were below budget, but *ahead of the corresponding* figures for last year, Mr. Roger Fleming, the chairman, said at the annual meeting. This was a position which management was striving to maintain, he added.

Largely arising from the energy crisis there were many uncertainties which made it particularly difficult to forecast the outcome of the current year, *members were told.*

As an importer of woodpulp the group stood to benefit from the strength of sterling, he stated. Although it would be difficult to maintain exports at the same volume as last year, on balance it *would be better off* with a strong currency and would seek to overcome export problems through increased productivity.

● NEWS ANALYSIS—SUNLEY/EAGLE STAR

A better package second time round

BY CHRISTINE MOIR

Eagle Star's bid approach to Bernard Sunley Investment Trust is its second time around. Back in 1976 the insurance company offered a package of shares and convertible loan stock for Sunley which valued it at £74m. The Monopolies Commission intervened, however, and by the time it had given the "all-clear" the property recession had begun.

Eagle Star backed off with great relief. As the recession deepened Sunley began to look very vulnerable to its ambitious worldwide property development programme. There were empty office blocks in Europe, a loss making ski resort in the South of France, a tourist hotel in Jamaica without customers, and at home a sluggish housebuilding business and borrowings to match rent increases which were not coming through. All the same the stock market believed that Eagle Star which held on to its 33 per cent stake, would come back with another bid one day although the expectations grew staler over the years.

In recent months, however, it has become clear that the long and difficult programme of cleaning up Sunley after those heady expansion days in the early 1970s was nearly over.

The housebuilding side had been handed over to Wates under a management contract. The Jamaican hotel was finally sold, the Brussels showpiece actually went at just over book cost, and the remaining two European blocks are also under the hammer.

Then two days ago Sunley announced that it had finally signed the sale contract on Isola 2000, that headache of a ski resort.

Confirmation of the long-awaited sale sent analysts back to a statement made by the company in May when the negotiations were disclosed.

According to the company, excluding Isola, net assets per share were worth 352p, based on the valuation of the properties in March 1978 and the capital surplus achieved through the reorganisation of the debt to Eagle Star in the previous August.

Shareholders were reminded that the figure "takes no account of the significant increase in value of the property portfolio which has taken place over the last year."

Since early 1978 other major property companies have unveiled surpluses of as much as 34 per cent on their portfolios over the year. And Sunley's property portfolio is particularly attractive. In the last report and accounts gross rentals were projected to reach £5.7m in 1982 compared with £3.15m last year.

Since then rents have risen throughout the country and property values have gone with them.

The portfolio, then, looked more than ripe to be taken into Eagle Star's life funds. But making a bid for the group involved getting over one last hurdle.

Sunley is not just a property development and investment company which used also to build houses. It also runs a sizeable construction company, Bernard Sunley and Sons, which last year made trading profits of £4.8m.

A year ago Sunley announced that it did not intend to follow the path of several other property and construction groups and divide the two halves into separate companies.

Eagle Star could have taken on the construction side, since it is no stranger to buying industrial businesses. When it bid for Sunley last time it also took over Grovewood Securities, which among other things owns Brands Hatch and Champneys Health Farm. Furthermore, Eagle Star recently restructured itself into a holding company which gave it more flexibility than insurance companies as far as carrying industrial assets was concerned.

In the event the new deal now being discussed sidesteps the complication. John Sunley and his family—which together with trusts, other private companies and the directors owns 40 per cent of the group—is to buy out the construction side.

And that will leave Eagle Star bidding for a tidy package of high quality properties with a diminishing burden of borrowings and a presumption of strong rental growth.

Hanson tries again with £25m Lindustries bid

BY JOHN MOORE

Hanson Trust, the industrial holding company, has launched a bid worth £25m for Lindustries, the engineering and textile group, nearly two years after its earlier bid for that company failed.

Lindustries had no comment to make last night on the offer, which at 135p per share in cash is identical to the earlier offer Hanson made.

Hanson holds a 5.9 per cent stake in the group representing 1,106,000 shares.

Sir James Hanson, Hanson's chairman, said last night that he had not discussed the deal with the Lindustries Board.

"We saw the Lindustries share price going down and we thought it the right time to go ahead," he said.

Sir James explained that the move had also been prompted by the Lindustries' warning at its AGM this week that profits for its current year might show a reduction for the current year, and that there were significant losses at one subsidiary.

"We've got to protect our investment," said Sir James.

In its last financial year ending March 31, 1979, Lindustries reported pre-tax profits of £7.24m, compared with £8.53m, and the group had a net asset value per share of 189.5p per share.

Hanson's last attempt foundered because the bid was conditional on recommendation by the Lindustries Board. When that was not forthcoming Hanson withdrew the offer.

Asked yesterday whether the latest bid would be conditional on receiving approval by the Lindustries Board Sir James said: "I shouldn't comment on that at this stage."

Lindustries Board is meeting today to consider the offer which it received at 3.50 pm yesterday.

Lindustries shares yesterday closed at 120p, up 5p, the offer coming too late to have any effect on the price. Hanson's shares were 105p, up 1p.

See Lex

RATIONALISATION AT HARDYS

Harris Queensway has begun the task of streamlining its new acquisition, Hardy and Co. (Furnishers), by selling off five stores and arranging the disposal of its hire purchase business.

Harris paid around £28m for Hardy, which has about 180 stores and is still running at a loss. The Burton Group has now bought five stores outside the London area for some £5m. One of the major clearing banks is also ready to acquire the hire purchase companies for £5m-£7m, though they will still carry out Hardy's business.

The Hardy head office at Croydon is being closed at a saving of £1½m and Harris also plans to sell some other Hardy stores, as well as buying back the freeholds on others.

The property deals were arranged by Mr. Harvey Spack and Mr. Russell Field, property consultants to Harris for some years.

Mr. Philip Harris, the chairman said he is now "reasonably confident that Hardy will be trading at a profit by the end of the year."

STENHOUSE

The Stenhouse Reed Shaw group announces the formation of Reed Stenhouse Marketing which has been admitted as a Lloyd's broker.

This company results from the merger of the present Lloyd's broking companies, Stenhouse Marketing Services (London), Sir William Garthwaite (Insurance) and Wright, Deen and Co.

TESCO/CARTIERS

In the offer document sent out by Tesco to shareholders of Cartiers Superfoods yesterday, Mr. Lewis Cartier, chairman of the Kent supermarket group, writes that he has agreed to personally buy back the Barkingside outlet if the result of current planning appeal is unsatisfactory to Tesco. He has done this, he says, to facilitate the offer. The cost would be £250,000.

BTR offer is 'opportunist'

Continuing its adamant rejection of BTR's £26m bid, Bestobell has repeated its message to shareholders to take no action. It calls the offer "aggressive and opportunist."

"Your Board will not accept any denigration of Bestobell's potential," asserts Mr. Sandy Marshall, the chairman, in response to BTR's letter earlier this week.

BTR cast doubt on the Bestobell forecast of a pre-tax profit rise of at least 30 per cent this year to over £8.3m and questioned whether a "reshuffled management" could effect a quick change in Bestobell's fortunes.

Drawing strength from the pledge of support by Britannic Assurance, Bestobell's largest shareholder with a 10 per cent stake, Mr. Marshall says: "We want you to stay with Bestobell."

Mr. Marshall describes the BTR remarks on Bestobell's predicted gross dividend rise as "factually incorrect." BTR said on Monday that Bestobell's dividend forecast amounted to only 12.4 per cent in equivalent gross terms.

Bestobell says that the rise in net dividends is some 15½ per cent. While modest when set against the profit forecast, it is in line with the Board's policy of "increasing but well-covered pay outs."

Commenting on the income increase claimed by BTR for its 200p a share offer, Bestobell describes the statement on this as "seriously deficient." BTR had said that, allowing for the proposed dividend, its terms provided for an income increase of 40 per cent for its share offer and 59 per cent for the cash alternative.

The BTR offer closes today. Bestobell's shares closed above the offer price last night at 210p, down 2p, while those of BTR were unchanged at 302p.

ALBERT MARTIN COMPLETES

Albert Martin Holdings has completed the acquisition of Cooper and Roe for £45,563 cash.

The facilities acquired include freehold factory premises covering 80,000 square feet, together with adjoining land, situated in a new location for the group just to the south of Nottingham.

The manufacturing activities of Cooper and Roe are being reorganised and will be absorbed by two of Albert Martin's existing divisions. The knitted outerwear section will become part of the knitwear division adding new merchandise to the product range, while the remaining production facilities will be assimilated into the Albert Martin division, giving principally a significant increase in circular knitting capacity.

HALL BROS.

Hall Brothers Steamship has sold MV Bretwalda for £427,000. After all expenses this is expected to produce a profit over book value of approximately £80,000.

CompAir buys Mako Compressors assets

CompAir has completed the purchase of the assets of Mako Compressors Inc. of Ocala, Florida, U.S., relating to high pressure compressed air purification. This business will be operated as a subsidiary of CompAir Inc. CompAir's U.S. holding company.

Unaudited results of Mako for the year to June 30, 1979, indicate sales of some $3.7m and profits before tax of about $390,000. The estimated net tangible assets acquired amounted to $1.6m of which land and buildings at valuation were $270,000.

Total consideration was $2.0m satisfied by the issue of 2,850,136 ordinary shares of 25p of CompAir credited as fully paid up, which have been acquired by Morgan Grenfell and Company and placed with institutional investors.

C. T. BOWRING

C. T. Bowring Underwriting Management (Gibraltar) and English and American Insurance Company, both members of the C. T. Bowring Group, have jointly taken up 23.8 per cent of the capital of the Rock Fire Assurance Company of Gibraltar, for £50,000.

MIDLAND NEWS

The capital reorganisation scheme of Midland News Association has been approved by the High Court and has become effective. Consequently, MNA is now a subsidiary of C. F. Caverley.

LEADENHALL BUYS T. H. DIXON

Leadenhall Sterling, the fork-lift and industrial truck manufacturer with interests in medical and technical services, has acquired T. H. Dixon for £827,076 cash.

Dixon, a manufacturer of a range of equipment for handling, converting or coating paper, plastic films and metal foils, reported pre-tax profits of £143,000 on turnover of £1.74m in the year ending July 31, 1978. The company has shareholders funds of £498,000, and deferred tax of £185,000.

Dixon has continued to trade profitably and the balance sheet includes the main factory at Letchworth, held on a 999 year lease, at a net book value of £120,000 compared with a professional valuation, undertaken by Leadenhall, of £440,000.

COMPUTER TECHNIQUES

Computer Techniques (Holdings) has acquired Birmingham-based Computer Proof for £650,000. A cash payment of £95,000 has been made from bank facilities, the rest to be satisfied by the issue of 300,000 new ordinary shares in Computer Techniques.

CP's vendors will keep 54,000 shares for a minimum of one year. The remaining 246,000 have been placed by Singer and Friedlander together with Grieveson Grant and Stock Beech at 186.5p, with the proceeds to be paid to the vendors.

The Birmingham company sells computer stationery and supplies, as well as business systems based on microcomputers and visible record accounting machines. Turnover in its last financial year to September 30, 1978, was £774,000; pre-tax profits were £114,000.

STAFFS. POTTERIES

Staffordshire Potteries (Canada) a subsidiary of Staffordshire Potteries (Holdings) has acquired from the receiver and manager the assets of Salt and McKee, manufacturer of Superior fine bone china, for C$40,800.

PARKER KNOLL

Parker Knoll's acquisition of K. Raymakers and Sons has been completed, following the approval, at an EGM consideration for the acquisition have been admitted to the Official List of The Stock Exchange.

QUEENS MOAT

Queens Moat Houses has acquired the lease of the 30-bedroom Hermitage Hotel at Oadby, near Leicester. The hotel will be renamed the Leicestershire Moat House and extends the geographical coverage of Quens Moat, which now has 1,113 bedrooms.

The hotel is presently held on a lease from Everards Brewery.

NORTH AMERICAN NEWS

First borrowing in 12 years for IBM

By John Wyles in New York

INTERNATIONAL Business Machines has completed arrangements for 37 banks to provide up to $1.5bn of credits in the computer company's first borrowing exercise in 12 years.

The company has offered no explanation for the credit lines other than the fact that "strong customer demand" was requiring it to make a "bigger investment in resources and rental equipment." However, analysts see the borrowing as IBM's response to an unusual market situation—which is very much of its own making.

In essence, the data processing market is growing at a faster pace than IBM's management had anticipated, and this is partly due to the company's own extremely aggressive pricing policies. In order to maintain its market share, IBM is expanding production rapidly, based on the construction of new plants at Tucson, Arizona and Charlotte, North Carolina, and the expansion of capacity at 26 other plants worldwide.

At the same time, IBM has been more than usually secretive about its pricing and product development plans, partly, it seems, to keep its competitors off balance. The result of this has been to encourage users to prefer leasing to purchases of IBM hardware, which may be rendered somewhat obsolete by new IBM products.

Greater customer preference for leasing forces IBM to devote more funds to equipment inventory, and, obviously, adds to its overall financing needs.

The switch to leasing had an unexpectedly severe impact on IBM's second quarter earnings, which fell for the first time in four years from $1.19 per share to $1.15. Since then, the share price has been under considerable pressure, and has fallen from $71⅞ to $69⅞, the lowest value in more than a year after adjusting for a four-for-one split. For the year, analysts are projecting a modest increase in earnings from $5.32 per share to $5.55.

However, as new models in the company's 4300 series reach the market, and other new products are introduced, a sharp increase in revenues and earnings is expected for next year and the year after.

Arabs gain more time for Financial General takeover

BY DAVID LASCELLES IN NEW YORK

THE GROUP of Arab investors who are trying to buy Financial General Bankshares, the Virginia banking company, has won a favourable ruling from the courts which gives them more time to achieve the takeover, and better terms for selling the stock they already hold should the bid fail.

Acting on a recommendation by the Securities and Exchange Commission, a Washington court extended by one year the deadline for completion of the deal. The deadline originally expired on Tuesday. However, the Arab investors had failed by then to obtain regulatory approval, and had asked for more time.

Yesterday's court consent decree also states that the investors, who currently control about 20 per cent of the bank, would sell their shares for at least $20 each in the event that their takeover bid fails. Under the terms of the earlier deal, the minimum was $15 a share.

But as part of yesterday's agreement, the Arab investors also increased their takeover offer from $22.50 per share to $25. This values Financial General Bankshares at $140m.

This latest episode in the Financial General affair confirms it as one of the more bizarre business stories of the decade.

Acting on the advice of Mr. Bert Lance, the former Budget Director, the Arabs individually bought just below the minimum number of shares at which a public declaration becomes necessary. However, Financial General charged that they had acted in concert and should therefore declare their interest.

The SEC originally gave the Arabs a year to make a takeover. However, none of the banking regulators at Federal or state level has approved their application for permission to buy the bank, and the Federal Reserve Board denied their application to form a bank holding company.

The Arabs' main ally has been the SEC, which, by virtue of its mandate, is more concerned with ensuring that Financial General's shareholders have a chance to consider a takeover bid than with the implications of that bid for the banking industry.

Gas price rises aid Kerr-McGee

BY OUR FINANCIAL STAFF

HIGHER NATURAL gas production and better average gas prices are behind the strong recovery reported by Kerr-McGee, the integrated energy group, in the three months to June 30.

Sales in the period are up 24 per cent to $646.3m taking the total for the first six months to $1.25bn compared with $1.01bn at the halfway mark last year.

The big impact of the higher prices has been on overall margins and, consequently, on net profits. In the second quarter net earnings were $43.6m against $26.3m a year ago. The increase for the first six months is an even more impressive 75 per cent to $77m.

The increase is in line with a forecast by Mr. Dean McGee, the chairman and chief executive, late last year and it suggests the company should easily achieve analysts' estimates of a full year figure around the $136m level.

In addition to the gas activities, Kerr-McGee is active in the oil production, refining and marketing fields as well as uranium mining and processing. It also has a chemical fertiliser business, interests in potash mining and manufacture and in coal mining.

While the improvement in the first two quarters is impressive, it must be remembered that the comparable period was very poor. Profits dropped by 30 per cent in the 1978 first quarter and by 36 per cent in the second. Thereafter the upturn began, but it was not strong enough to prevent an overall decline of 1 per cent for the full year.

Liggett sells Perk Foods

MOUNTVALE—Liggett Group said it has sold its wholly owned subsidiary Perk Foods Company for approximately $6.9m to CHB Foods.

On December 29, 1977 the U.S. Court of Appeals for the fourth circuit affirmed a Federal Trade Commission order which required divestiture of Perk and on July 9, 1979 the Commission approved the sale of Perk to CHB Foods.

Reuter

GPU's half-year profit hit by nuclear plant accident

BY OUR NEW YORK STAFF

GENERAL PUBLIC UTILITIES (GPU), owner of the striken Three Mile Island nuclear plant, last night reported a sharp drop in earnings because of the accident on March 28.

Net income for the second quarter was $19.9m or 33 cents a share, down on last year's $27.2m or 45 cents a share on revenue of $335.4m, up from last year's $315.3m.

Half-year earnings totalled $55.7m or 91 cents a share, against $65.8m or $1.10 a share.

Mr. William Kuhns, chairman, said much of the loss had occurred because the regulatory authorities forbade GPU from passing on the cost of its investment in Three Mile Island while the plant was not working.

At June 30, GPU had deferred about $43m in clean-up and recovery costs associated with the accident.

Texaco in $300m coal test venture

By Our New York Staff

IN THE wake of President Jimmy Carter's new drive to replace imported oil with domestic fuels, two large U.S. energy concerns, Texaco and Southern California Edison, yesterday announced plans for a $300m test coal gasification plant.

The two companies said the plant will be capable of commercial use within the next decade, and will be used to demonstrate the viability of coal gasification in actual power plant operation.

Preliminary engineering on the plant, which will use Texaco technology, is already underway, and the plant should begin operating in 1983.

Other firms, so far unnamed, have also been invited to participate in the project.

Meanwhile, Reuter reports that Gulf Oil has submitted preliminary plans to the Department of Energy for the design, construction and operation of a solvent refined coal demonstration plant.

Successful demonstration, Gulf said, would take over five years and construction and production costs could total around $1bn.

The Alberta Energy Resources Conservation Board also revealed yesterday that tentative approval to a $4.9bn oil sands project proposed by the Alsands Project Group, headed by Shell Canada. The board said the Alsands development would be in the public interest of Alberta

Times Mirror faces probe

LOS ANGELES—The Justice Department's anti-trust division has asked for additional information regarding Times Mirror's proposed acquisition of the Hartford Courant company, the Connecticut-based newspaper publisher.

Times Mirror said that the information requested concerns Times Mirror's ownership of cable television in the Hartford area.

The offer values Hartford Courant at $105.6m.

Reuter

AMERICAN QUARTERLIES

BRITISH COLUMBIA FOREST PRODUCTS

	1979	1978
Second quarter	$	$
Revenue	204.3m	176.9m
Net profits	25.9m	17.2m
Net per share	1.70	1.13
Six months		
Revenue	382.6m	331m
Net profits	48.6m	29.7m
Net per share	3.19	1.95

ENSERCH

	1979	1978
Second quarter	$	$
Revenue	488.7m	390.4m
Net profits	16m	11.1m
Net per share	0.54	0.42

GREYHOUND

	1979	1978
Second quarter	$	$
Revenue	1.21bn	1.11bn
Net profits	35.08m	19.71m
Net per share	0.54	0.45
Six month		
Revenue	2.31bn	2.08bn
Net profits	44.59m	27.05m
Net per share	1.01	0.62

INTERNATIONAL MINERALS & CHEMICAL

	1979	1978
Fourth quarter	$	$
Revenue	437.4m	396.4m
Net profits	36.5m	31.7m
Net per share	2.03	1.75
Year		
Revenue	1.47bn	1.36bn
Net profits	120.8m	120.1m
Net per share	6.72	6.61

NATIONAL MEDICAL CARE

	1979	1978
Second quarter	$	$
Revenue	46.8m	38.6m
Net profits	4.54m	3.48m
Net per share	0.52	0.40
Six months		
Revenue	90.6m	74.5m
Net profits	8.86m	6.78m
Net per share	1.01	0.78

OGILVY & MATHER INTERNATIONAL

	1979	1978
Second quarter	$	$
Revenue	56.6m	44.7m
Net profits	4.5m	3.3m
Net per share	1.10	0.84
Six months		
Revenue	100.2m	83.6m
Net profits	5.29m	5.05m
Net per share	1.30	1.29

PETROLANE

	1979	1978
Third quarter	$	$
Revenue	286.5m	218.1m
Net profits	14.02m	10.3m
Net per share	1.11	9.80
Nine months		
Revenue	843.8m	716m
Net profits	46.24m	37.85m
Net per share	3.68	3.01

REED PAPER

	1979	1978
Second quarter	$	$
Revenue	78.1m	54.5m
Net profits	11.1m	†2.2m
Net per share	0.53	†0.14
Six months		
Revenue	130m	108.9m
Net profits	17.3m	†6.6m
Net per share	0.81	0.41

...† Loss...

REVERE COPPER & BRASS

	1979	1978
Second quarter	$	$
Revenue	197.9m	171.4m
Net profits	7.33m	5.97m
Net per share	1.28	1.05
Six months		
Revenue	401.5m	332.4m
Net profits	14.38m	9.46m
Net per share	2.51	1.86

STUDEBAKER-WORTHINGTON

	1979	1978
Second quarter	$	$
Revenue	388m	354.7m
Net profits	14.6m	20.4m
Net per share	1.02	1.35
Six months		
Revenue	782m	672.6m
Net profits	30.4m	37.5m
Net per share	2.14	2.42

WILLIAMS COMPANIES

	1979	1978
Second quarter	$	$
Revenue	525.6m	479m
Net profits	26.72m	11.77m
Net per share	0.98	0.43
Six months		
Revenue	947.7m	804.8m
Net profits	34.16m	10.99m
Net per share	1.25	0.40

INTERNATIONAL CAPITAL MARKETS

Renewed investor interest in DM-denominated bonds

BY FRANCIS GHILES

RENEWED investor interest in Deutsche-Mark denominated paper pushed up the prices of foreign D-Mark bonds by an average of ¼ of a point yesterday. In the domestic D-Mark bond market, prices moved up by about ¾ of a point and the Bundesbank had to sell DM150m worth of paper to satisfy demand.

The strength of demand from abroad for foreign D-Mark paper, not least from Switzerland, has allowed the lead managers of D-Mark issues currently on offer to trim the yields they are offering investors before finally pricing the bonds.

Deutsche Bank has cut by ¼ per cent to 7¾ per cent the coupon it is offering on the DM 100m 10-year bond for the Asian Development Bank. The indicated price of this bond, which is 99½, is expected to be confirmed later today.

Dresdner Bank is widely expected to price the DM 100m 10-year private placement it is arranging for the Kingdom of Sweden, and which carries a coupon of 7½ per cent, above par.

The DM 100m 10-year private placement for the Kingdom of Sweden which Westdeutsche Landesbank is leading was priced at par. Final terms include a coupon of 7¾ per cent. This bond was quoted at 100⅛-½ in early market trading yesterday.

In the Swiss franc sector, trading was virtually at a standstill yesterday as most banking centres observed Swiss National Day.

Swiss Bank Corporation is arranging a SwFr 50m convertible for Uny. Final terms of this six-year issue include a coupon of 4¼ per cent with pricing at par.

The next public issue in this sector is expected to be a SwFr 80m 12-year bond for the Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark. The yield offered to the investor is expected to be set at around 5 per cent.

In the dollar sector of the market, virtually no trading activity was recorded by dealers. A $25m floating rate note for Banco Latinoamericano de Exportaciones was launched by Merrill Lynch.

The borrower is paying ¼ per cent interest above the six-month Libor rate with a minimum coupon of 6¼ per cent.

The $25m five-year FRN issue for Krung Thai Bank has been priced at par by the lead manager, Manufacturers Hanover, with indicated terms unchanged. These include an interest rate of ⅜ per cent over the six-month Libor rate with a minimum coupon of 6¾ per cent.

Saudi bank increases activity

BY OUR EUROMARKETS STAFF

SAUDI INTERNATIONAL Bank, the Londo-based consortium bank controlled by the Saudi Arabian Monetary Agency, has increased substantially its international money markets activity in the first half of 1979, the bank's balance sheet shows.

Its balance sheet total increased by more than 24 per cent to £606.5m from £487.7m in the six months ended June 30. In the same period, it raised its shareholders' equity by 47.4 per cent to £40.9m from £27.76m through issue of shares.

Mr. Edgar Felton, chief executive officer said that the increase in shareholders' funds also resulted from earnings generated in the six-month period.

The bank's interim statement shows that a subsidiary has been set up in the Bahamas, Saudi International Bank (Nassau), to develop money market and lending activities and broaden its services to private clients.

In addition, it has established a Jersey-based mutual fund, Saudi International Bond Fund, which will invest primarily in Eurobonds.

Bodcaw rejects offer from IP

BY OUR NEW YORK STAFF

THE RUNNING battle for control of Bodcaw, the little-known but highly-prized Texas timber company, appears to be far from over despite the company's rejection on Tuesday of a bid by International Paper, the country's largest paper and wood products concern.

In a 183,055 to 1,099 vote, Bodcaw shareholders turned down IP's offer of $610m in preferred stock. Officials at Bodcaw, a privately-held company, refused to comment on the meeting, which was closed to the press and public.

However IP said yesterday that the vote was purely procedural and had been made to enable shareholders to consider a competing joint offer from Weyerhaeuser, the Tacoma-based timber concern, and Mobil, the oil company with interests in paper and packaging.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	97⅞	98½	+1⅞	+0¼	10.30
Alex Howden XW 9½ 91	30	83½	84¼	+0¼	+1¼	12.10
Australian Res. 9⅝ 84 ...	30	97½	98	0	0	10.22
Avco O/S Cap. 10¼ 87	40	96¾	97¼	0	−0¼	10.82
Bayer Int. F. XW 7⅛ 89	200	82⅞	83¾	−1	−0¼	10.08
Beneficial Fin. 9⅜ 87 ...	100	97⅞	98⅜	−0⅛	0	10.10
CECA 9¾ 84-99	50	94¼	94¾	0	+0⅛	10.02
CECA 10¾ 91	150	97⅝	98⅛	−0⅛	+0⅛	11.07
Canadian Pacific 9¾ 89	50	97⅝	98⅛	0	0	10.09
Carter Hawley 9¾ 86 ...	50	97	97½	+0¼	+0½	10.32
Comalco Inv. E. 10¼ 91	40	99½	100	0	+0⅞	10.28
Continental Grp. 9⅝ 86	100	97⅛	97⅞	0	+0⅝	10.11
Dome Petroleum 10 94	50	96⅛	96⅝	0	+0⅞	10.49
Dominion Bridge 10⅛ 84	30	99⅛	100⅛	0	+0⅞	10.24
Dow Chem. O/S 9⅝ 94	200	97	97½	+0⅛	0	9.98
EIB 9⅝ 86	150	99	99½	+0⅞	+0¼	10.02
EIB 9⅞ 99	100	99½	99⅝	+0⅛	0	10.19
EIB 9⅞ 87	150	100¼	100¾	+0⅛	+0⅝	10.02
EIB 10 99	150	100¼	100¾	0	+0⅝	10.19
Export Dv. Cpn. 9.85 84	150	†100½	100⅝	−0⅛	+0⅝	9.98
Export Dv. Cpn. 9¼ 84	100	97¼	97⅝	+0⅛	0	9.86
Finland 9½ 86	100	97⅛	97⅝	0	+0¼	10.04
Finland 9⅝ 89	100	98⅛	98⅝	−0¼	+0¼	10.13
GTE Finance 9½ 84	50	97⅛	97¾	0	+0¼	10.18
GTE Finance 9¾ 89	65	95⅝	96¼	+0⅛	0	10.41
General Motors 9⅜ 86 ...	100	97⅞	97⅞	0	0	9.73
Gould Int. Fin. 9¾ 85 ...	50	97¾	98¼	−0⅛	−0¼	10.21
Hoechst Fin. XW 6¾ 89	125	79	79½	0	−0⅛	10.16
Hudson Bay Co. 10 94	50	98⅝	99⅛	+0⅛	−0⅛	10.14
ITT Antilles 9½ 89	75	95¾	96¼	0	−0⅛	10.15
Kennecott Int. 9½ 86 ...	100	94⅞	95⅛	0	+0½	10.52
Manitoba 9½ 89	75	96	96½	0	+0⅜	10.11
Nat. Des Telecm. 9½ 86	100	97¾	98¼	−0⅛	+0⅜	9.90
New Brunswick 9¾ 94	75	96	96½	0	+0⅝	10.24
Newfoundland 10 94 ...	50	98⅝	99⅛	0	+0⅜	10.14
Norsk Hydro 9¼ 94 ...	60	94½	95	−0⅛	0	9.93
Norway 9¼ 84	150	100⅛	100⅜	+0¼	+0¼	9.84
Norway 9⅛ 84	150	98⅛	98⅝	0	+0⅛	9.92
Nova Scotia Pwr. 9⅜ 89	50	97¼	97¾	0	+0⅛	10.15
Occidental Fin. 10¼ 84	50	99⅝	100⅛	−0⅛	+0⅛	10.27
Orient Leasing 9½ 86 ...	25	95½	96	0	+0⅝	10.38
Pennwalt O/S F. 9⅝ 84	25	97¾	98¼	−0⅛	−0⅛	10.28
Pepsico Cap. 9¼ 84 ...	100	97¾	98¼	−0⅛	0	9.82
Portland 10 84	50	†97⅛	97⅝	−0⅛	+0⅛	10.72
Quebec Hydro 10 99 ...	75	95½	96	0	−0½	10.51
Redland Fin. XW 9½ 91	25	†91	92	+0⅛	−0¼	10.80
Sears Roebuck 9 82 ...	150	97⅞	98⅜	0	+0¼	9.82
Stockholm 9⅝ 94	60	98¾	99¼	0	0	10.12
Sweden 9¾ 89	100	98⅛	98⅝	−0⅛	+0¼	10.00
Sweden 9½ 86	200	98⅝	99⅛	0	+1⅜	9.86
Unilever NV 9¼ 87 ...	100	96⅛	96⅝	−0⅛	+0⅛	9.98
Warner-Lambert 9 84 ...	100	96¾	97¼	−0⅛	+0⅛	9.79

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	94¾	95¼	+0⅛	+0⅞	6.36
Argentina 6½ 88	150	89½	90	0	+0⅛	8.11
Argentina 7½ 89	150	95⅛	95⅝	+0½	+0⅝	8.20
Banco Desarrollo 7¼ 86	100	94⅝	95⅛	+0¼	−0⅛	8.28
Barclays O'seas 6¾ 89	100	97⅛	97⅞	0	+0½	7.09
Brazil 7⅛ 87	150	97⅛	97⅝	−0⅛	+1	7.72
Brazil 8 87	150	100⅛	100⅝	+0½	+0¼	7.93
CECA 7 91	150	98⅛	98⅝	0	+0¼	7.20
Copenhagen City 6 90 ...	75	92	92½	−0⅛	+0½	7.01
Council of Eur. 6¾ 88 ...	130	92⅞	93⅜	−0⅛	+0½	7.27
Council of Eur. 7¼ 89 ...	100	99⅛	99⅝	+0¼	+0⅜	7.30
Denmark 5¾ 85	100	94⅞	95⅜	+0¼	+0½	6.83
Denmark 6½ 89	100	94⅝	95⅛	+0¼	−0⅛	7.26
EIB 6½ 91	200	94½	95	0	+0⅝	7.18
EIB 7½ 89	200	101⅛	101⅝	0	+0⅜	7.29
Eletrobras-Brazil 7 87 ...	100	96⅞	97⅜	+0¼	+2⅛	7.55
Eurofima 6½ 89	100	98⅝	99⅛	−0⅛	+0¼	6.66
Finland 6 83	150	99½	99⅞	0	+0½	6.16
Megal Fin. 7 89	150	98¼	98¾	0	+0¼	7.21
Mitsubishi Chem. 6½ 84	70	100⅞	101⅜	+0¼	+0⅝	6.21
New Zealand 6¾ 87 ...	200	98⅜	98⅞	+0⅝	+1⅛	6.48
Nippon Kokan 6½ 84 ...	100	99⅛	99⅞	0	0	6.58
Nippon Tel. & T. 5½ 87	100	93⅜	93⅞	+0¼	+0⅛	6.60
Nordic Inv. Bk. 6¾ 86	60	95⅞	96⅜	+0¼	+0⅝	7.04
Norges Komm. 7¾ 91 ...	150	104⅛	104⅝	0	+1⅜	7.19
Norway 6¾ 84	200	101⅜	101⅞	−0⅛	+0⅛	5.83
Occidental 6¾ 90	150	94⅜	94⅞	+0⅛	+0⅜	7.46
OKB 6½ 88	100	96⅞	97⅜	0	0	6.94
OKB 6 87	40	†93¾	94	0	+0⅜	7.12
Tokyo Elec. Pwr. 6½ 85	200	98¾	99¼	0	0	6.71
Venezuela 6½ 90	150	89⅞	90⅜	0	−0⅛	7.85
World Bank 6¼ 88	400	93¾	94¼	−0⅛	−0⅛	7.15
World Bank 7¾ 91	400	101⅞	102⅜	+0⅜	+0⅝	7.47

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93 ...	40	*92¼	92½	−0¼	−0¼	4.22
Argentina 5½ 89	80	*†100	100½	0	−0¼	5.47
Asian Dev. Bank 3½ 94	100	*85	85¼	−0⅛	−0⅛	4.96
Aumar 5 89	60	*101¼	101¾	−0¼	−0⅞	4.84
Austria 3½ 93	100	*90½	90¾	−0¼	0	4.39
Australia 3¾ 89	250	*95	95¼	−0⅛	−0⅛	4.25
Bergen, City of 4¾ 91 ...	40	*†101¾	102	0	0	4.54
Brazil 4¼ 88	100	*95¼	96	+0¼	+0¼	4.81
Canada 3¾ 89	300	*95¼	96	−0¼	0	4.15
Council of Eur. 4¼ 90 ...	100	*99¾	100⅛	+0⅛	+0¼	4.22
EIB 4½ 91	100	*†100¼	100½	0	−0¼	4.46
Heron 4¾ 89	35	*95¼	96	+0⅛	+0½	4.79
ICI Fin. NV 3½ 94	230	*89¾	90	−0⅛	−1⅛	4.46
Malaysia 4¾ 90	80	*97	97½	−0¼	+0⅛	5.09
New Zealand 3½ 94 ...	120	*90½	90⅞	+0⅛	−0⅞	4.40
Nordic Bank 5 89	45	*†102	102¼	0	0	4.73
OKB 3¾ 91	100	*90½	91	0	−0⅛	4.80
Pfand Ost. Lande 4 90	60	*94¾	95	+0⅞	+0⅛	4.61
Philippines 4¾ 89	50	*96½	96¾	+0⅛	0	5.20
Sandvik 4 90	85	*†95¾	96¼	−0½	−0⅛	4.46
Spain 4 91	100	*94	94¼	0	+0⅛	4.65
Steweag 4¾ 91	60	*101⅞	101⅞	0	−0⅛	4.56
Voest-Alpine 4¾ 89 ...	90	*102⅜	102⅞	−0½	−0⅞	4.40
World Bank 4⅜ 89	100	*103	103¼	−0⅜	−0⅛	4.26

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	86¾	87½	0	+0⅛	7.84
Australia 5.8 83	30	94⅝	95⅝	0	+0⅜	7.04
[illegible] 88	20	90¾	91⅝	−0⅛	+0¼	8.01
Finland 5.6 83	10	93¼	94⅛	+0⅛	0	7.45
Finland 6.8 88	10	90⅞	91⅞	−0¼	+0¼	8.29

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95⅝	96½	+0⅛	+0¼	10.06
Avco Fin. 10¾ 86 C$ ...	25	95½	96	−0⅛	−0⅛	11.18
Ex. Dev. Cpn. 10 84 C$	50	98½	99	0	0	10.32
Fst. Can. Inv. 10 84 C$	50	97	97½	−0⅛	−0⅛	10.74
Hudson Bay 10½ 89 C$	60	98¼	99¼	−0⅛	−0⅛	10.85
Quebec 10¾ 86 C$	50	96½	97	−0⅛	−0⅛	10.93
R. Bk. Canada 10 86 C$	40	99	99½	−0⅛	+0⅛	10.14
R. Bk. Canada 10 94 C$	40	95⅛	95⅝	0	−1⅛	10.62
Copenhagen 8¾ 91 EUA	25	98⅛	99⅛	+0⅛	+0¼	8.83
Komm. Inst 7½ 93 EUA	15	94¾	95⅝	0	+0⅛	8.10
SDR France 8½ 94 EUA	24	†98	99	+0¼	+3⅞	8.68
SOFTE 8½ 89 EUA	40	95⅛	96⅛	0	−0⅛	8.35
Algemene Bk. 6¾ 83 Fl	75	91½	92¼	+0⅛	0	8.85
CFE Mexico 7¼ 83 Fl	75	95⅜	96⅜	+0⅛	+0⅞	8.96
EIB 7¾ 85 Fl	75	92⅞	92⅞	+0⅛	+0⅞	8.87
Ned. Middbk. 8¼ 84 Fl	75	98⅞	99⅞	+0⅛	+0⅛	8.36
New Zealand 6¾ 84 Fl	75	91½	92¼	+0⅛	+0⅛	8.85
Norway 8¼ 84 Fl	100	98⅞	99⅛	+0⅛	+0½	8.53
Elf Aquitaine 9¾ 88 FFr	150	91	92	0	+0⅛	11.24
Euratom 9⅞ 87 FFr	150	91½	92⅛	+0⅛	+0⅛	11.30
Norway 9¾ 84 FFr	200	93¼	94¼	−1½	+0⅛	11.03
PSA Peugeot 9¾ 87 FFr	175	91	92	0	+0⅛	11.47
Renault 9¾ 85 FFr	100	93½	94½	0	+0⅛	11.27
Saint-Gobain 9¾ 86 FFr	130	91½	92¼	+0⅛	+0⅜	11.58
Solvay et Cie 9¾ 87 FFr	125	91½	92½	+0⅛	+0⅛	11.42
Total Oil 9⅞ 87 FFr	150	89½	90½	0	+0⅜	11.38
Unilever 10 85 FFr	100	95⅝	96⅛	+0⅛	+0⅞	10.97
Citicorp 10 93 £	20	92¼	93	−0½	−1⅛	11.05
EIB 9¾ 88 £	25	90⅜	91⅛	0	−1	11.48
EIB 11½ 91 £	25	94¾	95⅜	−0⅛	−0⅛	12.31
Finance for Ind. 13 91 £	15	102⅛	102⅞	+0½	−1¼	12.55
Fin. for Ind. 12½ 89 £	30	99¼	100¼	−0⅛	−0⅛	12.54
Gen. Elec. Co. 12¼ 89 £	50	99½	100¼	+0¼	−1	12.49
Euratom 8 87 LuxFr ...	500	96¼	97¼	+0¼	−0⅛	8.61
Norges Km. 8 86 LuxFr	500	96½	96¾	0	+0⅛	8.72
Oslo, City of 8 89 LuxFr	500	97⅛	98⅛	+0⅛	+0⅛	8.36
Solvay Fin. 8 85 LuxFr	500	96⅞	96⅞	−0⅛	−0⅛	8.76

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 89 ...	0¼	98⅜	98⅞	11/1	11	11.18
BNDE 6 89	0¼	96⅜	97⅛	27/9	11⅞	11.48
Banco di Roma 6 87	0¼	98⅜	98⅞	26/10	11.19	11.34
Bco. Nac. Argent. 7 86	0¼	97⅜	97⅞	22/9	11½	11.78
Banco Prov. BA 7¼ 86	0¼	98⅜	98⅞	12/6	11	11.15
Banco Urquijo 6 86	0¼	97⅝	98⅛	21/9	11½	11.72
Bank of Tokyo 6½ 93	0¼	99	99½	18/10	11¾	11.89
Bq. Ext. d'Alg. 7½ 85	0¼	95⅛	95⅞	2/11	11⅞	12.43
Bque. Indo Suez 5¾ 89	0¼	98⅞	98⅞	11/1	11	11.15
Banque Sudameris 6 87	0¼	97½	98	11/1	11⅛	11.38
BNP 5½ 91	0¼	98¾	99¼	22/2	11⅛	11.49
Citicorp O/S Fin. 6 94	†0¼	99⅞	100¼	8/9	10.69	10.70
Creditanstalt 5½ 91	†0¼	98½	99	14/9	10⅞	11.01
GZB 5½ 89	†0¼	98⅛	98⅝	1/11	11.44	11.61
Gotabanken 6 88	0¼	98⅜	98⅞	15/5	11½	11.66
Ind. Bk. Japan 5½ 85	0¼	99½	100	1/12	10.94	10.97
Jugobanka 8 89	0⅞	95⅞	96⅜	23/11	11⅞	12.37
LTCB Japan 5¾ 85	0¼	99⅝	100⅛	9/10	11⅝	11.64
LTCB Japan 5½ 89	0¼	99	99½	7/12	11⅛	11.21
Mfrs. Han. O/S 5¾ 94	†0⅛	98⅞	99⅜	23/8	11.19	11.26
Nacional Fin. 6⅞ 86	0¼	97¾	98¼	25/1	11½	11.73
Nat. West. 5¼ 94	0¼	98⅝	98⅞	11/10	11	11.17
Nippon Credit Bk. 5½ 85	0¼	99⅜	99⅞	22/12	10.94	10.99
Nippon Credit Bk. 6½ 86	0⅜	98	98½	12/1	10⅞	11.07
Panama 7 91	0⅞	†96½	97½	19/1	11½	11.85
Petro Mexicano 7 84	0¼	99	99½	24/1	11.44	11.52
Privredna Banka 8 86	0⅞	95⅝	96⅛	20/12	11.58	12.06
Royal Bank Scot. 5¼ 94	†0¼	98½	99	11/10	11	11.14
Sogenal 5¾ 89	0¼	98	98½	11/1	10.94	11.13
Texas Int. Airways 7 86	†0¼	96¼	96¾	11/10	11.58	11.98
TVO Pwr. 9 91 (D-lock)	0¼	97¾	98¼	24/11	11⅛	11.35
Utd. Overseas Bk. 6 89	†0¼	97⅝	98⅛	29/9	11.14	11.38
Bq. E. d'Alg. 4¼ 89 SF	0¼	*97	97¼	18/12	4¼	4.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	174	94½	95	+1¼	−7.90
Ciba-Geigy O/S F. 4 94	9/79	676	†95	95½	+0⅛	4.37
Credit Suisse 4¾ 93	10/79	1325	105	106⅛	0	5.08
Esselte 7¼ 89	5/79	159	96½	97	0	−9.85
Honda Motor 5¾ 89	5/79	632	99¾	100⅛	+1¼	9.09
LPC Internatnl 8 89	9/79	36	†101¼	101½	−0⅛	12.78
Nitto Elec. Ind. 6 94	7/79	735	82½	83¼	+0½	1.23
Fujitsu 5 84 DM	7/79	475	99⅞	100⅝	0	22.38
Kansai Elec. 4 84 DM	4/79	1350	88½	89¼	+0¼	45.22
Marudai Food 3½ DM	2/79	1033	79⅞	80⅜	−0¼	45.05
Nippon Yan. 3½ 85 DM	1/79	251	115⅝	116⅜	+1	−1.10
Nissan Diesel 3½ 86 DM	2/79	477	83½	84½	+0⅛	18.31
Olymp. Opt 3½ 85 DM	2/79	703	91½	92¼	+0⅛	−0.42
Sharp Cpn. 3½ 86 DM	2/79	487	86½	87¼	+0⅜	9.45
Tokyo Elec. 3½ 87 DM	4/79	476	88⅝	89⅛	−0¼	44.48
Tokyu Ld. Cp. 4 86 DM	4/79	493	83	84	+0¼	31.16

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Swedish car report sees major debt task

By Victor Kayfetz in Stockholm

WITHOUT outside help, Volvo and Saab-Scania will have a hard time raising the estimated SKr 3.4bn ($714-852m) which a Swedish government report says they will need to develop new passenger models.

The book-length study by the Swedish National Industrial Board, to be published next week, was yesterday dismissed by both carmakers as based on outdated figures and failing to take important recent developments into account. The report states that in 1979-85 Volvo has some chance of reaching the minimum level of 230,000 units annually for its larger models needed for them to yield satisfactory profits. But the Dutch-made Volvo 343 model is likely to show continued losses unless the Dutch government—which has a large minority stake—raises the current ceiling on its financial commitments.

Saab-Scania's 99 and 900 series passenger cars will probably continue to lose money during the same period.

Despite numerous recent refinements the Volvo and Saab cars are based on 12-year-old designs, and the need to bring out new models will make 1981-1983 difficult financial years for the Swedish carmakers, the report declares. New share issues in early 1979 will allow Volvo to borrow SKr 1.1bn ($262m) and Saab-Scania SKr 700m ($167m) without undermining their solvency, but this is not enough.

Collaboration with foreign auto makers would relieve much of the financial burden but threaten future employment in Sweden, while a merger between Volvo and Saab-Scania is not a good long-term solution.

Mr. Sten Wennlo, head of the Saab passenger car division, termed the report "completely misleading. It fails to take into account our shift to the 900 series, which now accounts for 75 per cent of production and has strongly improved our earnings, or the effects of our recent collaboration agreement with Lancia."

AEG-Telefunken to suffer heavy losses

BY JONATHAN CARR IN BONN

AEG-TELEFUNKEN is heading for another big loss this year, with its overall orders intake stagnating and its turnover likely to be only slightly above the DM 14.1bn achieved in 1978.

The troubled West German electrical group noted in a first half report that quite apart from the discouraging business outlook, results would be particularly burdened this year by the cost of structural changes already underway.

These changes are considered essential if the concern is to be restored to profitability—but in the meantime AEG-Telefunken and its shareholders face a further grim period. Last year's loss totalled DM 357m ($184m) and no dividend has been paid since 1973.

Earnings were down in the first half against the comparable period of 1978, with unsatisfactory use of capacity and a faster growth of personnel costs than of productivity among the factors blamed for the fall.

Two specific sectors were especially badly hit. One was the gas turbine division, where a big scaling down of activity is underway following the sharp fall in demand from the U.S. market. The other was home radio, television and recording equipment where demand was well below expectations.

The orders and sales picture is of a fairly buoyant home market helping to compensate for setbacks abroad. Orders in the first half were up by just 1 per cent to DM 6.6bn, based on a rise of 6 per cent at home and a fall of 6 per cent abroad. Demand for telecommunications equipment was particularly strong—up by 15 per cent at home thanks to several large orders from the public sector.

Overall turnover was down by 4 per cent to DM 6.1bn, based on an increase of 5 per cent at home and a fall of no less than 14 per cent abroad. Fixed asset investment at DM 148m was almost exactly the same as in the first half of 1978, but the company is planning to increase this to DM 480m for the year.

● Muenchener Rueckversicherung, considered the world's largest reinsurance enterprise, increased its premium income by about 7 per cent to DM 6.1bn in the year to June 30 and proposes to pay an unchanged 18 per cent dividend.

A preliminary report on the year's results said profits from the company's reinsurance activities alone would be below last year's DM 5.4m, not least because of further big losses in domestic motor insurance.

However, profit from general business—primarily investment income—would show an increase. Last year, this sector produced the lion's share of total net profit of DM 47.2m.

Honeywell-Bull advances

BY OUR FINANCIAL STAFF

SHARPLY higher profits are reported for the first six months of 1979 by Cii-Honeywell-Bull, the French-U.S. computer group.

Consolidated net income is FFr 39.6m ($9.3m) compared with the FFr 31.3m shown for the first half of 1978 prior to an exceptional item totalling FFr 40.4m. Net revenue was a fifth higher at FFr 2.22bn of which nearly half was generated outside France.

The exceptional profit item included in the 1978 figures related to the equipment rental operations of Societe Silomi which Cii acquired in June of that year. State subsidies during the latest half-year declined by FFr 77.4m to FFr 60.4m.

By the end of June, orders were running ahead of budget, the company said yesterday. Orders were some 36 per cent up on the opening half of last year.

Cii is currently at the centre of a policy debate involving the French government and the CGE group, a major shareholder. Honeywell of the U.S. effectively owns 47 per cent of Cii with the 53 per cent majority stake spread between the state, the CGE group and public shareholders.

Improved margins at Winsor Industrial

By Philip Bowring in Hong Kong

WINSOR INDUSTRIAL — Hong Kong's largest integrated textile company and one of the few quoted industrial companies —raised net profits by 67 per cent in the year to March, to HK$110.7m (U.S.$21.4m). Turnover was up 17.8 per cent to HK$1.05bn (U.S.$203m)—a modest increase after taking inflation and Hong Kong dollar depreciation into account.

Net margins, however, improved strongly, from 7.4 per cent to 10.6 per cent of turnover. The final dividend will be 22 cents, making a total of 32 cents against 24.5 cents.

Yarn and fabric sales were particularly strong in relation to garments, reversing the trend of the previous year, and constituted 64 per cent of external sales, compared with 58 per cent in 1977-78.

Winsor sold 58 per cent of its products last year in the domestic market and the rest were directly exported. Domestic yarns and fabrics sold locally, however, mostly end up as exports. Mr. T. K. Ann, the chairman, said that the likelihood of a U.S. recession was a cloud over the industry, and that after the inventory build up last year, an advance in retail sale in the UK and West Germany was needed.

Demand for corduroy and polyester-cotton blended fabrics was waning, but denim demand was recovering. For the second year running, Mr. Ann noted the continuing modernisation of American mills, which was making them highly competitive in some sectors. Last year had been better for Hong Kong spinners, he said, because there had been less dumping of yarn.

Fujitsu ahead

Fujitsu, the Japanese electric appliances concern, raised its consolidated net income by 35.4 per cent to Y14.4bn ($68m) in the year to March 31. Sales rose 16.8 per cent to Y553.24bn ($2.6bn). Reuter reports from Tokyo.

In May, the company reported a 30.8 per cent increase in parent profit alone, to Y10.73bn. Reuter.

Japanese car boom boosts Bridgestone Tire results

BY YOKO SHIBATA IN TOKYO

BRIDGESTONE TIRE'S interim net profits rose by 193 per cent to Y12.71bn ($58.8m) for the first-half of the 1979 fiscal year, to June, reflecting Japan's booming new car sales. Operating profits gained 9.4 per cent to Y26.97bn.

With brisk domestic demand for tyres supported by various favourable factors, such as the recovery of the domestic economy, favourable new car sales, and the pick-up of demand for replacement tyres, Bridgestone's interim sales went up 4 per cent to Y203.6bn.

To meet demand, the company's manufacturing plants operated at full capacity, giving production benefits to run alongside the productivity gains stemming from rationalisation investments in the past. Partly offsetting these benefits were increases in raw materials prices and the appreciation of the yen in the foreign exchanges. The company's exports went up by 13 per cent to Y46.5bn, accounting for 22.8 per cent of the total turnover. The company could not meet all overseas demands, because of far more active domestic demand.

For the latter half of the current fiscal year, Bridgestone sees continuing firm demand for tyres for new cars and for replacement tyres, and growth in overseas markets. The company is to increase the production line of steel radial tyres for passenger cars at its Tochigi factory.

In the earning aspect, however, the company faces various negative factors such as the oil situation and a possible downturn in the domestic economy. Because of the company's policy of postponing the price increase in replacement tyres until October, its earnings may deteriorate sharply in the current half. The company has made a modest earnings forecast for the second-half, with operating profits put at Y16bn, down 41 per cent from the first half level, and net profits at Y7bn, down 45 per cent on sales of Y215bn, up 6 per cent.

The earning prospect for the whole current fiscal year shows operating profits of Y43bn, up 38.7 per cent on 1978, net profits of Y20bn, up 34 per cent, on sales of Y420bn, up 14 per cent.

Marginal rise for Lensworth

BY OUR SYDNEY CORRESPONDENT

LENSWORTH Finance, the Adelaide-based financier, achieved a small, but morale boosting, increase in profit, from A$1.45m to A$1.49m (US$1.7m) in the year to June 30. The result comes against a background of investor nervousness over finance companies in the wake of the collapse earlier this year of Associated Securities Ltd. and the recent rescue operation mounted for another Adelaide financier, Beneficial Finance Corporation.

Lensworth was affected, and the company's share price slumped to 58 cents late in June, prompting the 61 per cent owner, Elder Smith Goldsbrough Mort, to mount an open-ended buying support operation at 60 cents. This stemmed the slide and Lensworth shares are currently priced at 62 cents.

The latest result equals 8.6 cents a share compared with 8.4 cents in the previous year, and the dividend has been maintained at 7.5 cents. The directors said that, notwithstanding a weakening of support for the finance industry generally, the company traded profitably. Accounts receivable and projects increased from A$150.6m to A$153m.

The directors also added some comments about the company's land investments in an effort to boost confidence. "Much has been said about the alleged difficulties of companies with an involvement in land development," they said. "In this company all land holdings are zoned for either residential or industrial development with the exception of three properties which have a book value of A$500,000."

The board emphasised that interest on funds employed is not capitalised where it would increase the book value beyond the estimated market value. The company's basic policy is to capitalise interest at the point of sale, at which time the market value of the project is established. The directors added that the policy was to assess on a regular basis the value of each parcel of land and each development project and to raise a provision where the assessment produced a value less than that shown in the accounts.

Grace Bros to raise A$25m for expansion

By James Forth in Sydney

GRACE BROS Holdings, the large department store retailer, is understood to be planning to raise more than A$25m (US$28.2m) to help finance the expansion of its department store network. The raising, the largest in the company's history, appears to have been brought about partly by a dip in the rate of growth in trading.

The directors said there had been a slowdown in trading performance in the second half-year, to July 28, but added that the full year result would be satisfactory.

Grace Bros. has one of the best growth records among the retailers. Last year profits increased 15 per cent to record the group's 18th successive earnings gain at a time when several major competitors reported downturns. Grace Bros achieved a further 11 per cent lift in earnings for the first half of the current year but now faces at lease a temporary halt to its growth record.

However, the directors expect that the annual dividend of 10 cents a share will be maintained, and they are confident that with the planned future expansion of additional outlets the company's share of the retail will increase.

The company will raise A$7.12m through the placement of 3.75m shares at A$1.90 a share compared with the current share market price of A$2.05. The placement represents 10 per cent of the existing capital and is the maximum amount the Board could issue without holding a meeting to seek prior approval from shareholders. It is understood that the company is also planning a A$18m debenture issue.

SWISS BANKING CONTROLS

Getting to grips with foreign business

DAVID MARSH, recently in Berne, explains why the Swiss authorities are extending the powers of the Federal Banking Commission

AT A TIME when leading central banks are intensifying their efforts to improve supervision of the Euromarkets, new banking regulations in Switzerland that extend the authorities' control over Swiss banks' foreign business are attracting a good deal of international attention.

The Swiss scheme was introduced by the Berne-based Federal Banking Commission last year. But effects of the new rules on banks' activities are only now becoming apparent—and the banks themselves are still querying the legal basis of the system. The Commission laid down that the banks, for the first time, had to supply the supervisory authorities with consolidated balance sheets, starting with the 1977 business year, although there is no requirement to make these public. It extended the already existing system of capital ratio limits on banks' business volume to cover their consolidated balance sheets as well as the parent company itself.

The aim was to ensure the capital adequacy of banks with subsidiaries in the financial and banking sectors, particularly these operating internationally, as well as to allow both the supervisory agencies and the banks themselves to improve assessment of the risks impinging on the whole of banks' balance sheets.

The new rules were put into effect mainly from the viewpoint of improving still further Switzerland's standards of protection for depositors. But the basic principle behind the regulations—the feeling that supervisory techniques, especially in the area of consolidation, had not kept pace in recent years with the growth of banks' international business—is the same one that has inspired concern among central bankers over the past year or so over the build-up of Eurocurrency lending.

The West German authorities in particular hope for eventual agreement on a global system of capital or liquidity ratios for banks operating on the Euromarket. So the Swiss system is serving as an important model of what might be done on a general scale to keep better tabs on international lending.

The regulations already in force on Swiss banks' balance sheets prescribe that banks' capital and reserves should not fall below a set percentage of their total liabilities. The ratio varies from bank to bank because according to a complicated sliding scale, different types of bank assets are also taken into account in the calculations. But the average capital ratio last year came to around 6.5 per cent—quite high by international standards, with the larger Swiss banks having to maintain their capital base at an even higher percentage of 7 to 8 per cent.

Figures published by the Banking Commission earlier this year revealed that out of 103 banks surveyed for their capital adequacy, 94 had sufficient capital to cover the requirements on their consolidated balance sheets for 1977—according to Commission officials, a somewhat better result than had been expected. But nine were short of target by some SwFr 620m.

Three of these raised their capital by SwFr 360m at the start of 1978, compensating either wholly or partly for their capital deficiency. This left seven banks—only five of which were judged to have a serious shortfall — with a capital adequacy of SwFr 60m.

The five, none of which has been named, were asked by the Banking Commission to take steps to make up for the deficiency. One bank with a shortfall of 30 per cent had to raise capital immediately, while the other four were given a two year period in which to take action.

Significantly, three of these four were members of the "Big Five," whose Euromarket subsidiaries in areas like Luxembourg and the Caribbean with minimal regulations on capital adequacy have led to a particular dilution of the consolidated capital base.

As might have been expected, the banks have not been pleased with the Commission's measures, which they feel will weaken their international competitive position. The banks which have been asked to raise capital have questioned whether the Commission has the legal right to force through such a request, and the two sides are currently deep in negotiation on the subject.

To clear up the legal doubts, the Commission wants to enshrine the consolidation requirements in new legislation on banking regulations which it hopes Parliament will approve next year.

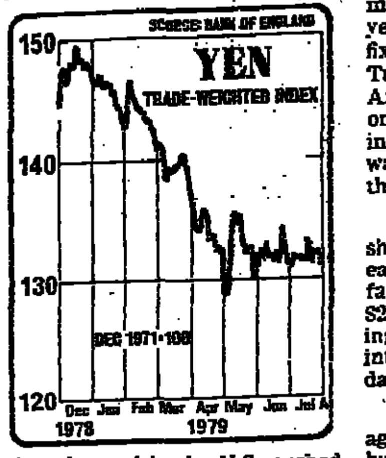
Despite the international interest generated by the scheme, Swiss officials warn that it would be far from easy to draw up a global set of capital ratios for all countries to regulate Eurocurrency lending. All the same, the Swiss example looks certain to make a lot of converts in areas of Continental Europe — notably Germany and France — where consolidation is not yet an established accounting practice.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling erratic

STERLING fluctuated sharply in the foreign exchange market yesterday, following Tuesday's sudden fall, but recovered some of its losses. Yesterday's lower levels attracted a good deal of buying interest especially in the U.S., underlining the general opinion that this was where sterling's rapid decline had originated. It opened at $2.2550 and moved quite erratically during the morning between $2.2450 and $2.2550. By noon it had settled at around $2.2500 and stayed at this level until mid-afternoon, when demand in the U.S. pushed up the rate to $2.2770. Sterling closed at $2.2700-2.2710, which showed a rise of 2.25c from Tuesday, and a net loss on the week of 4.4c. The pound was also firmer against European currencies, rising to DM 4.1550 from DM 4.1225 and to FFr 9.6625 from FFr 9.5700. Sterling's overall improvement was reflected in its trade weighted index which rose to 72.4 from 72.1, having stood at 71 at noon and 71.7 in the morning.



The dollar was weaker against most currencies and trading took place within very narrow ranges. Against the D-mark it finished at DM 1.8285, down from Tuesday's level of DM 1.8335, and in terms of the Swiss Franc it fell to SwFr 1.6565 from SwFr 1.6600. It was also weaker against the yen, closing at Y216.0 compared with Y216.50 previously. On Bank of England figures, its trade weighted index slipped to 84.4 from 84.6.

FRANKFURT—There was no intervention by the Bundesbank yesterday when the dollar was fixed at DM 1.8237, down from Tuesday's level of DM 1.8377. After touching DM 1.8330 early on, the U.S. unit fell steadily in thin trading with little in the way of fresh factors to influence the market.

NEW YORK — The dollar showed a weaker tendency in early trading with conditions fairly subdued. Sterling rose to $2.2740 compared with an opening level of $2.2520 as buying interest developed after Tuesday's sharp fall.

MILAN — The lira improved against sterling and the dollar but lost ground against EMS currencies. The U.S. unit was fixed at L819.95 against L822.7 on Tuesday and sterling fell sharply for the second day running to L1,842 from L1,877. The D-mark was quoted stronger at L448.32 against L447.70.

TOKYO — The dollar showed little change against the yen yesterday and closed at Y216.975 compared with Tuesday's close of Y216.875. Trading took place within a narrow range with a best point for the day of Y217.00.

THE POUND SPOT AND FORWARD

Aug. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2430-2.2700	2.2700-2.2710	0.83-0.73c pm	4.12	1.95-1.85 pm	[illegible]
Canada	2.6240-2.6570	2.6560-2.6580	0.75-0.65c pm	3.16	1.90-1.80 pm	[illegible]
Nethlnd.	4.50-4.57½	4.56-4.57	2¾-1¾c pm	5.25	5¾-5¼ pm	[illegible]
Belgium	65.90-66.55	66.40-66.50	15-5c pm	1.80	22-12 pm	[illegible]
Denmark	11.81-11.97½	11.96-11.97	2¼ore pm-¾ dis	1.25	1½-¼ dis	[illegible]
Ireland	1.0930-1.1015	1.0990-1.1000	25-35p dis	-3.16	80-95 dis	[illegible]
W. Ger.	4.11¼-4.16¼	4.15-4.16	3½-2½pf pm	8.30	8¼-7¼ pm	[illegible]
Portugal	109.80-111.40	111.05-111.35	40-100c dis	-7.55	120-220 dis	[illegible]
Spain	148.60-150.20	150.05-150.15	300-350c dis	-25.98	625-725 dis	[illegible]
Italy	1,839-1,862	1,860½-1,861½	3-1lire dis	-1.28	3¼-5½ dis	[illegible]
Norway	11.31-11.45	11.44-11.45	5¼-3¼ore pm	4.71	14-12¼ pm	[illegible]
France	9.55-9.66¼	9.64½-9.65½	2½-1¼c pm	2.87	6¼-5¼ pm	[illegible]
Sweden	9.44-9.57	9.55½-9.56½	2¾-1½ore pm	1.88	4½-3 pm	[illegible]
Japan	485-493	490½-491½	3.90-3.60y pm	9.17	10.55-10.25 pm	[illegible]
Austria	30.05-30.50	30.43-30.48	22-12gro pm	6.70	56-46 pm	[illegible]
Switz.	3.72-3.79	3.78-3.79	4¼-3¼c pm	13.53	12¼-11¼ pm	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar 3.30-3.20c pm; 12-month 5.25-5.15c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2430-2.2770	2.2700-2.2710	0.83-0.73c pm	4.12	1.95-1.85 pm	[illegible]
Ireland†	2.0625-2.0900	2.0650-2.0700	1.40-1.20c pm	7.54	3.65-3.25 pm	[illegible]
Canada†	85.37-85.69	85.37-85.40	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	2.0065-2.0095	2.0065-2.0085	0.35-0.25c pm	1.87	1.05-0.95 pm	[illegible]
Belgium	29.22-29.32	29.26-29.27½	2½-4c dis	-1.33	5-7 dis	[illegible]
Denmark	5.2650-5.2825	5.2655-5.2670	1.00-1.50ore dis	-2.85	5.25-5.75dis	[illegible]
W. Ger.	1.8272-1.8295	1.8284-1.8294	0.71-0.61pf pm	4.33	2.14-2.04 pm	[illegible]
Portugal	48.85-49.03	48.90-49.00	25-160c dis	[illegible]	85-160 dis	[illegible]
Spain	66.04-66.14	66.09-66.11	210-235c dis	[illegible]	440-475dis	[illegible]
Italy	819.25-819.90	819.25-819.75	2-3lire dis	-3.66	8.5-9.5 dis	[illegible]
Norway	5.0375-5.0425	5.0390-5.0400	0.35-0.25ore pm	[illegible]	1.45-1.35 pm	[illegible]
France	4.2500-4.2625	4.2500-4.2525	0.35-0.45c dis	-1.13	0.90-1.00dis	[illegible]
Sweden	4.2090-4.2185	4.2080-4.2100	0.40-0.60ore dis	-1.42	1.70-1.90dis	[illegible]
Japan	215.80-216.40	215.80-216.00	1.00-0.85y pm	5.14	2.65-2.55 pm	[illegible]
Austria	13.38-13.40¼	13.40-13.40¼	4.30-3.80gro pm	3.62	[illegible]	[illegible]
Switz.	1.6550-1.6620	1.6560-1.6570	1.35-1.25c pm	9.41	4.05-3.95 pm	[illegible]

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

July 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.570049	0.605626
U.S. $	10	1.30061	1.36191
Canadian $	11¼	1.52108	[illegible]
Austria Sch	3¾	[illegible]	[illegible]
Belgian F	9	[illegible]	40.5768
Danish K	8	6.87648	7.30148
D Mark	5	2.38996	2.53938
Guilder	8	2.62513	2.78780
French Fr	9½	5.58888	5.90664
Lira	10½	1069.99	1136.86
Yen	5¼	283.471	300.198
Norwgn K	7	6.56237	6.97289
Spanish Pes	8	85.8671	91.3031
Swedish Kr	6	5.47494	5.81535
Swiss Fr	1	2.16249	2.29785

CURRENCY MOVEMENTS

Aug. 1	Bank of England Index	Morgan Guaranty changes %
Sterling	72.4	[illegible]
U.S. dollar	84.4	[illegible]
Canadian dollar	80.5	[illegible]
Austrian schilling	147.7	[illegible]
Belgian franc	114.1	[illegible]
Danish kroner	113.8	[illegible]
Deutsche mark	151.6	[illegible]
Swiss franc	196.7	[illegible]
Guilder	123.4	[illegible]
French franc	99.0	[illegible]
Lira	55.2	[illegible]
Yen	133.2	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

August 1	£	$		Note Rates
Argentina Peso	3103-3123	1365-1375	Austria	[illegible]
Australia Dollar	2.0075-2.0115	0.8800-0.8850	Belgium	[illegible]
Brazil Cruzeiro	58.71-59.71	25.85-26.30	Denmark	[illegible]
Finland Markka	8.75-8.76	3.8400-3.8420	France	[illegible]
Greek Drachma	[illegible]	36.10-36.80	Germany	[illegible]
Hong Kong Dollar	11.70-11.72	5.1540-5.1570	Italy	[illegible]
Iran Rial	[illegible]	72.75	Japan	[illegible]
Kuwait Dinar (KD)	0.611-0.631	0.2745-0.2748	Netherlands	[illegible]
Luxembourg Frc.	66.40-66.50	29.25-29.27	Norway	[illegible]
Malaysia Dollar	[illegible]	2.1570-2.1585	Portugal	[illegible]
New Zealand Dlr.	2.2285-2.2315	0.9800-0.9830	Spain	[illegible]
Saudi Arab. Riyal	7.48-7.59	3.3505-3.3510	Switzerland	[illegible]
Singapore Dollar	4.8805-4.8935	2.1565-2.1575	United States	[illegible]
Sth. African Rand	1.89-1.90	0.8385-0.8395	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5031	+2.65	+3.32	±1.53
Danish Krone	7.08592	7.28900	+2.85	+1.52	±1.635
German D-Mark	2.51064	2.52131	+0.42	-0.90	±1.1325
French Franc	5.79831	5.89188	+1.61	+0.29	±1.35
Dutch Guilder	2.72077	2.77842	+2.12	+0.79	±1.5075
Irish Punt	0.662638	0.672023	+1.42	+0.09	±1.665
Italian Lira	1148.15	1134.83	-1.16	-1.16	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 31	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.271	4.155	490.5	9.653	3.765	4.565	1861.	2.660	66.45
U.S. Dollar	0.440	1.	1.830	216.1	4.251	1.658	2.011	819.6	1.171	29.27
Deutschemark	0.241	0.546	1.	118.1	2.323	0.906	1.099	447.9	0.640	15.99
Japanese Yen 1,000	2.038	4.627	8.467	1000.	19.67	7.672	9.302	3792.	5.419	135.4
French Franc 10	1.036	2.352	4.305	508.4	10.	3.901	4.729	1928.	2.755	68.84
Swiss Franc	0.266	0.603	1.104	130.3	2.564	1.	1.212	494.3	0.706	17.65
Dutch Guilder	0.219	0.497	0.910	107.5	2.114	0.825	1.	407.7	0.582	14.56
Italian Lira 1,000	0.537	1.220	2.233	263.7	5.187	2.023	2.453	1000.	1.429	35.71
Canadian Dollar	0.376	0.854	1.563	184.5	3.629	1.416	1.716	699.8	1.	24.99
Belgian Franc 100	1.505	3.417	6.253	738.5	14.53	5.666	6.870	2801.	4.002	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.75-10.85 per cent; three months 10.80-10.95 per cent; six months 10.90-11.00 per cent; one year 10.50-10.60 per cent.

Aug. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	n.a.	10¼-10½	9½-10½	8¼-8½	[illegible]	6¼-6½	10¼-10½	10-14	[illegible]	[illegible]
7 days' notice	n.a.	10¼-11	9½-10½	8¼-8½	[illegible]	[illegible]	10¼-10½	14-16	10½-10⅝	[illegible]
Month	14¼-14½	11⅛-11¼	11⅛-11⅜	9⅛-9⅜	1¼-1⅜	[illegible]	11⅛-11⅜	15¼-16¼	[illegible]	[illegible]
Three months	14¼-15⅛	[illegible]	11⅛-11⅜	9 9¼	1¼-1½	[illegible]	11⅛-11⅜	15¼-16½	10⅞-11⅛	[illegible]
Six months	14⅛-14⅜	[illegible]	11⅛-11⅜	9⅜-9⅝	[illegible]	[illegible]	11⅛-11⅜	15¼-16¼	[illegible]	[illegible]
One year	13½-13¾	[illegible]	11⅛-11⅜	9⅝-9⅞	[illegible]	[illegible]	11⅛-12⅜	15¼-16¼	10½-10⅝	[illegible]

Long-term Eurodollar: two years 9¾-10⅛ per cent; three years 10⅛-10½ per cent; four years 10⅛-10½ per cent; five years 10-10½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates steady

Interest rates showed a much steadier tendency throughout Europe yesterday after sharp rises over the past few months. Pressure within the European Monetary system on the weaker members has eased considerably just recently, and interest rates have stabilised accordingly.

In Paris call money fell from 10½ per cent to 10⅛ per cent, its first downward shift for nearly two weeks. Longer term rates were also easier with one-month money at 10⅝-10⅞ per cent compared with 10⅝-10⅞ per cent, three-month at 10⅝-10⅞ per cent from 10⅞-11⅛ per cent, six-month at 10⅞-11⅛ per cent from 10⅞-11⅛ per cent, and 12-month money at 10⅞-11⅛ per cent against 10½-11 per cent.

Conditions in the Dutch money market were also subdued and rates in Amsterdam were quoted at 9¼-9½ per cent for call money against 9⅜ per cent, and 9½-9¾ per cent, unchanged for one-month money. Three-month money eased to 9⅝-9⅞ per cent from 9¾-10 per cent and the six-month rate fell to 9⅝-9⅞ per cent from 9¾-10 per cent.

FRANKFURT — Interbank rates showed no clear trend yesterday with call money quoted at 6.20-6.30 per cent compared with 6.10-6.20 per cent on Tuesday and one-month money at 6.55-6.65 per cent against 6.40-6.50 per cent. The three-month rate was unchanged at 6.90-7.00 per cent and six-month money rose slightly to 7.25-7.35 per cent from 7.20-7.30 per cent. The 12-month rate stood at 7.40-7.50 per cent against 7.45-7.55 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed an easier tendency in the shorter periods, with one and three deposits quoted at 12-12½ per cent compared with the previous common level of 12½-12⅝ per cent. Longer term rates were unchanged at 11⅞-11⅞ per cent and 10⅞-10⅞ per cent for six and 12-month deposits respectively.

HONG KONG—Conditions in the money market remained steady, with call money at 9½ per cent and overnight business also dealt at 9½ per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Conditions in the London money market were fairly easy yesterday, and the authorities gave only a small amount of assistance. This comprised small purchases of Treasury bills and corporation bills, all direct from the discount houses. The market was faced with the repayment of Tuesday's small official advances, and a small net take up of Treasury bills to finance. There was also a slight excess of revenue transfers to the Exchequer over Government disbursements. On the other hand banks brought forward balances a moderate way above target and there was a small decrease in the note circulation.

Discount houses were paying up to 14 per cent in places for secured call loans in the morning, but rates fell away towards the close, with closing balances taken between 12 per cent and 12½ per cent. In the interbank market overnight loans opened at 14-14¼ per cent and eased to 13¾ per cent before touching 13⅝-13¾ per cent. However closing rates were in the region of 12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 1 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-14¼	—	—	—	14⅜	12-14	—	—	—
2 days notice	—	—	14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅛	14⅜	—	14¼	14⅝	13⅞	—	—	—
One month	14⅜-14⅛	14⅛-14⅜	14⅛-14¼	14⅞-14½	14¼	14⅜	13⅞	13¾	14⅛	14½
Two months	14⅛-14⅛	14⅛-14⅜	—	14⅜-14⅜	14¼	—	13⅞	[illegible]	14¼	14⅛
Three months	14⅛-14⅛	14⅛-14⅛	14¼	14⅛-14	14¼	14⅞	13¾	[illegible]	14	14⅜
Six months	13⅞-13⅞	13⅞-14	14	13½-13⅛	14⅛	—	—	—	13⅛	13¾
Nine months	13⅛-13⅛	13⅛-13⅜	—	13½-13⅛	13⅞	—	—	—	—	—
One year	12⅞-12⅝	13-13⅛	12⅞-13	13-12¾	13⅜	—	—	—	—	—
Two years	—	—	12¾-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12⅞-13 per cent; four years 12⅞-13 per cent; five years 12⅞-13 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-month 13 17-64ths-13 per cent; three-month 13⅞-13⅞ per cent. Approximate rates for one-month bank bills 14⅛-14⅜ per cent; two-month 14⅛-14⅜ per cent; and three-month 13⅞ per cent; one-month trade bills 14⅜ per cent; two-month 14⅜ per cent; and three-month 14⅛ per cent.

Finance House Base Rate (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3459 per cent.

GOLD

Sharp fall

Gold fell sharply in the London bullion market yesterday as heavy speculative trading continued. By the close it had fallen $9 an ounce to $289½-290¼, the lowest closing level since July 13, and later on in New York it fell a further $3. The lowest level seen in London was $289-289¼ as currency unrest in foreign exchange markets prompted heavy selling.

In Paris the 12½ kilo bar was fixed at FFr 42,250 per kilo ($308.73 per ounce) compared with FFr 42,500 ($310.02) in the morning and FFr 43,200 ($314.37) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,160 per kilo ($291.86 per ounce) against DM 17,530 ($296.84) previously.

	Aug. 1	July 31
Gold Bullion (fine ounce)		
Close	$289½-290¼ (£127.4-127.8)	$298½-299¼ (£132.2-132.5)
Opening	$289½-290¼ (£128.4-128.8)	$294½-295¼ (£128.4-128.8)
Morning fixing	$290.95 (£128.486)	$295.85 (£128.426)
Afternoon fixing	$290.10 (£127.377)	$296.45 (£130.883)
Gold Coins, domestically		
Krugerrand	$299-301 (£131½-132½)	$308¼-310¼ (£136-137)
New Sovereigns	$75¾-77¾ (£33¼-34¼)	$77-79 (£34-35)
Old Sovereigns	$100¾-102¾ (£44¼-45¼)	$102-104 (£45-46)
Gold Coins, internationally		
Krugerrand	$299-301 (£131½-132½)	$308¼-310¼ (£136-137)
New Sovereigns	$75¾-77¾ (£33¼-34¼)	$77-79 (£34-35)
Old Sovereigns	$100¾-102¾ (£44¼-45¼)	$102-104 (£45-46)
$20 Eagles	$418-420	$417-422
$10 Eagles	$225-231	$233-238
$5 Eagles	$168-173	$173-178

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.75
Treasury Bills (13-week)	9.14
Treasury Bills (26-week)	9.24

GERMANY

Discount Rate	5
Overnight Rate	6.25
One month	6.40
Three months	6.95
Six months	7.30

FRANCE

Discount Rate	9.5
Overnight Rate	10.3125
One month	10.50
Three months	10.625
Six months	10.75

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.5625
Bills Discount (three-month)	7.0

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Wall Street active but mixed at mid-session

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—24% (24½%)
Effective $2.2785—61% (74%)

FAILING TO maintain Tuesday's advance, Wall Street stocks moved irregularly yesterday morning with Blue Chips showing a slight downward bias, but trading remained active.

The Dow Jones Industrial Average, after gaining 7.68 the previous day, eased 2.48 to 843.94 at 1 pm. The NYSE All Common Index shed 5 cents to $59.09, although the total of rises slightly exceeded the number of declining issues. Turnover further increased to 25.83m shares from Tuesday's 1 pm level of 24.25m.

Closing prices and market reports were not available for this edition.

Analysts said there were no positive developments to support prices, and concern about recession, inflation and interest rates still lingers in the background.

They noted that some portfolio switching by institutional investors was contributing to overall volume without imparting any bias up or down.

Volume leader American Telephone eased ¼ to $57¼, while Virginia Electric, the second most active issue, were unchanged at $13. A block of 221,400 Virginia Electric shares were moved at $13.

IBM slipped ⅜ to $69¾, General Motors ⅜ to $57⅝, U.S. Steel ⅛ to $23, General Electric ⅛ to $51⅛ and Exxon ⅛ to $54⅛.

Toy stocks were firmer. Toys "R" added ⅞ at $22⅞ on news that its fiscal second-quarter sales were up 41.3 per cent. Coleco Industries gained ½ to $5½ on reporting a June-quarter profit after a loss a year ago. Milton Bradley picked up ¼ to $29.

Bank shares, strong on Tuesday, were a shade harder.

Harrah's jumped 4½ to $26 before trading was halted pending an announcement. Holiday Inns, which earlier would neither confirm nor deny a published report that it is holding talks to acquire Harrah's.

THE AMERICAN SE Market Value Index receded 0.73 more to 197.91 at 1 pm. Volume 2.31m shares (2.58m).

Dome Petroleum lost ⅞ to $37⅞, Syntex ¼ to $38⅛ and Resorts International "A" ⅝ to $47⅞.

Metrocare, however, put on ⅛ to $4⅜. It is to purchase up to 400,000 of its Common stock at $4.50 a share. Amdahl gained ⅛ to $27⅞. The company has introduced two new computer products.

Canada

Stock prices continued to show a tendency to lower levels in fairly active early dealings.

The Toronto Composite Index slipped 1.5 more to 1556.5 at noon, while Oils and Gas lost 10.1 to 2,682.9 and Metals and Minerals 5.9 to 1309.0, but Golds rallied 11.9 to 1,770.6. In Montreal, Utilities declined 0.65 to 227.88 but Papers picked up 0.53 to 175.37.

Tokyo

Market staged a fresh advance in the morning session, but later succumbed to profit-taking and finished with mixed movements on balance. Trading became very active, with about 640m shares changing hands on the First Market section against 450m on Tuesday.

The Nikkei-Dow Jones Average was still modestly ahead on the day with a net gain of 8.91 at 6,222.69.

One dealer said trading volume increased because stock dealers and investors, expecting a good rise in the market this month, actively purchased stocks of Energy industry-related issues, Shippings, Chemicals, Non-ferrous Metals and Trading Houses.

Shipbuildings, which had advanced in recent sessions, reacted on profit-taking, another broker commented.

There were still some good gains to be seen in the Oils sector at the close, with Showa Oil up Y16 at Y466, Toa Nenryo Y50 higher at Y1,160, and Teikoku Oil Y7 firmer at Y907. Nippon Oil, however, were down Y30 at Y1,640 on profit-taking.

Constructions, including Nippon Hodo, were higher, while Shippings such as Nippon Yusen Kaisha and Japan Line also finished stronger, but Export-orientated issues, including Sony and Fuji Photo Film, recorded losses.

Germany

Stocks put on a good performance yesterday in lively trading, leaving the Commerzbank index 6.3 higher at 759.4.

Dealers attributed the revived activity largely to an increase in new positions by large domestic institutional investors, particularly insurance companies and investment funds, with the market also buoyed by fairly strong demand from foreign buyers.

Some dealers said that Tuesday's statement by a leading official of the German Industry and Trade Association that the West German economy was not likely to slow down in 1980 had bolstered stock market sentiment. The spokesman was countering a forecast made recently by the prestigious IFO Research Institute predicting such a slowdown.

The leading Banks posted the largest price increases, led by Bayerische Vereinsbank, which advanced DM 4.40. Commerzbank and Bayerische Hypothekenbank each gained DM 4, while Dresdner Bank added DM 3.70 and Deutsche Bank DM 2.10.

Stores and Machine Manufacturers also made solid gains. Among Machine issues, Linde climbed DM 3.50, KHD DM 3.10 and GHH DM 2.50. Neckermann led Stores ahead with a gain of DM 6 after news that sales so far in 1979 had exceeded expectations. Among other Stores, Karstadt added DM 3.50 and Kaufhof DM 3.

Public Authority Bonds gained up to 95 pfennigs more, led by this year's 7¼ per cent State Loan. The Bundesbank sold DM 82.4m of stock in open-market operations after DM 21.4m sales the previous day.

Hong Kong

After Tuesday's sharp setback on profit-taking the market showed renewed strength yesterday as Blue Chips and Properties in particular attracted fresh local and some London demand. The Hang Seng index advanced 11.40 to 616.63.

Hongkong Land rose 35 cents to HK$9.70 and HK Wharf HK$2.75 to HK$39.25 on further takeover speculation, while New World climbed 17.5 cents to HK$2.675. Cheung Kong 30 cents to HK$13.60, SHK Properties 20 cents to HK$11.10, Swire Properties 10 cents to HK$3.80 and Associated Hotels 15 cents to HK$3.25.

HK Bank put on 20 cents to HK$13.70, while Hutchison Whampoa, Jardine Matheson and Swire Pacific "A" hardened 10 cents apiece to HK$5.40, HK$12.30 and HK$8.50 respectively.

Paris

Shares mainly stayed in easier mood in slow trading, with operators stating that the bulk of transactions involved adjustment of positions, which is typical during the summer holidays.

Foods, Motors, Housing, Electricals, Steels and Oils were generally marked down, while Banks, Mechanicals, Foods and Chemicals were narrowly mixed.

There was some selective demand, however, notably in Alspi, Poclain, Prenatal, Screg, Hemis, Locindus, Eurafrance, Sade, Paribas and Moteurs Leroy.

Matra advanced FFr 40 to FFr 6,750 after news that it is to take majority holdings in three telecommunications companies in the Depaepe group.

Steel shares reacted on profit-taking after the recent advance, with losses ranging from 2 per cent for Vallourec to 8 per cent for Usinor.

Australia

Stock prices displayed a bias to higher levels, but market reaction to good news from leaders in diamond and oil exploration was disappointing.

The Ashton diamond partnership reported a gem-count of better than 60 per cent in samples from two locations at Ellendale, considered highly promising but not conclusive evidence that there are commercial diamonds in the Kimberleys, while the Stirling Petroleum consortium has found indications of oil in the offshore Bruce No. 1 well and further tests are underway.

Share movements on these reports were very restrained, which seemed to indicate that neither London nor Tokyo were impressed by the reports.

Partners in the Ashton diamond venture reacted after an early upthrust, with CRA ending only 2 cents up at A$3.40, after reaching A$3.45. Northern Mining were unchanged on balance at A$1.25, although Ashton Mining retained a net gain of 4 cents at A$1.19, after touching A$1.24.

Magnet Metals performed well, rising 8 cents to 48 cents, but the company is part of the Stirling consortium in addition to its diamond interests.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ▼ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. % h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

Indices

NEW YORK—DOW JONES

	July 31	July 30	July 27	July 26	July 25	July 24	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
♦ Industr'ls	846.42	838.74	839.76	839.78	839.51	829.78	878.72 (10/4)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	85.78	85.51	85.59	85.75	85.70	85.62	86.97 (3/7)	82.92 (8/6)		—
Transport	254.53	252.09	251.78	250.68	250.75	247.86	254.58 (31/7)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	108.80	108.02	108.15	108.15	107.88	107.34	108.80 (31/7)	98.51 (16/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's†	34,480	28,660	27,800	32,370	34,930	29,700	—	—	—	—

♦ Day's high 849.06 low 837.80

Ind. div. yield %	July 27	July 20	July 13	Year ago (approx)
	5.75	5.83	5.78	5.47

STANDARD AND POORS

	July 31	July 30	July 27	July 26	July 25	July 24	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
‡Indust'ls	114.77	114.97	114.03	114.08	114.10	112.80	116.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.81	103.15	103.10	103.10	103.08	101.97	104.47 (3/7)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	July 25	July 18	July 11	Year ago (approx)
Ind. div. yield %	5.34	5.32	5.21	4.93
Ind. P/E Ratio	7.99	7.87	8.03	9.40
Lond Gov. Bond Yield	8.91	8.92	8.86	8.66

N.Y.S.E. ALL COMMON

July 31	July 30	July 27	July 26	1979 High	1979 Low
59.14	58.79	58.73	58.66	59.32 (9/7)	53.88 (27/3)

Rises and Falls

	July 31	July 30	July 27
Issues Traded	1,890	1,865	1,851
Rises	977	757	772
Falls	487	681	578
Unchanged	426	427	501
New Highs	106	83	67
New Lows	6	8	7

MONTREAL

	July 31	July 30	July 27	July 26	1979 High	1979 Low
Industrial	263.57	264.58	266.06	264.18	279.19 (29/6)	219.19 (2/1)
Combined	263.32	264.31	265.84	264.21	275.15 (29/6)	225.80 (2/1)
TORONTO Composite	1558.1	1568.1	1578.0	1570.0	1818.6 (29/6)	1315.8 (2/1)
JOHANNESBURG Gold	281.4	296.0	297.1	297.8	308.4 (25/6)	228.4 (17/4)
JOHANNESBURG Industrial	316.1	315.3	313.7	312.4	330.0 (25/6)	270.5 (2/1)

	Aug. 1	Previous	1979 High	1979 Low
Australia (*)	590.72	590.12	597.66 (19/3)	545.72 (2/1)
Belgium (‖)	105.94	106.20	100.00 (6/7)	96.80 (5/1)
Denmark (**)	96.15	96.08	97.46 (25/7)	88.32 (8/1)
France (††)	85.9	86.6	87.3 (11/7)	71.5 (15/2)
Germany (‡‡)	759.4	753.1	838.6 (16/1)	713.4 (7/6)
Holland (§§)	—	74.0	85.9 (24/1)	71.5 (7/6)
Hong Kong (¶¶)	616.63	605.23	624.40 (30/7)	493.93 (2/1)
Italy (‖‖)	65.74	61.68	65.74 (1/8)	62.36 (2/1)
Japan (a)	446.37	445.01	462.97 (31/1)	435.15 (13/7)
Singapore (b)	384.04	384.19	404.15 (26/6)	346.34 (25/3)

	Aug. 1	Previous	1979 high	1979 low
Spain (d)	94.26	94.37	111.96 (8/3)	91.42 (13/7)
Sweden (e)	352.05	354.94	401.34 (6/2)	323.86 (25/6)
Switzerld (f)	(c)	314.7	329.1 (2/5)	294.0 (5/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000: the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan-Am Airw'ys	968,200	7¾	—⅛
Southern	476,100	12⅞	—⅛
Mobil	346,200	39⅝	—¼
Am. Tel & Tel	312,400	57⅝	+¼
Amer. Airlines	290,700	12	+¼
IBM	271,900	69¾	+⅜
MGIC Inv.	267,900	28½	+2⅛
Hornischleger	255,100	23⅞	+1
Ramada Inns	244,800	12⅛	+⅛
Western Bancorp	237,800	32½	—

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

[illegible]

TOKYO ¶

[illegible]

AUSTRALIA

Aug. 1	Aust. $	+ or —
ACMIL (25 cents)	†0.67	
Acrow Australia	†1.01	+0.01
AMATIL $1	†2.31	—0.11
Ampol Exploration	†1.55	
Ampol Petroleum	†0.69	

[illegible]

STOCKHOLM

Aug. 1	Price Kronor	+ or —	Div. Kr.	Yld. %
AGA AB (Kr. 40)	170	—5	6	3.5
Alfa Laval (Kr.50)	119	—1	6	5.0
ASEA (Kr.50)	72	—2	5	6.9
Atlas Cop. Kr25	78	—0.5	5.8	7.4
Billerud	59	—2.5	—	
Bofors	118		5	4.2
Cardo	169		6.5	3.8

[illegible]

AMSTERDAM

Aug. 1	Price Fls.	+ or —	Div. %	Yld. %
BokaW'stm(Fl 10)	105	—2	85	8.1
Buhrm' Tetter	61.8	—0.5	27	8.7
Elsev'r-NDU(Fl 20)	266.5	—4.5	hs40	3.0
Ennia N.V. B'rer	133	—0.5	40	6.0
EurComTst(Fl 10)	70.9		94.5	4.9
Gist-Broc (F10)	43	+1.2	22	5.1
Heineken (Fl 25)	82.6	+0.6	14	4.2
Hoog'ns (Fl.20)	30.0		—	—
HunterD.(Fl.100)	25.2	+0.3	1.2	4.8
K.L.M. (Fl.100)	108.5	—0.5	z3	2.8
Int. Muller(Fl.20)	34.6	—0.1	19	11.0
Nat.Ned Ins(Fl 10)	107.3	—0.3	55	5.1
NedCr'dBk(Fl.20)	58	+0.1	22.5	7.8
NedMidBk(Fl.50)	214.4	—0.4	24	5.6
Oce (Fl.20)	156	+1.3	38	4.9
Van Ommeren	201	+2	—	—
Pakhoed (Fl.20)	54.2	—0.5	—	—
Philips (Fl.10)	24	+0.1	18	7.1
RjnSchVer(Fl 100)	41	—0.5	—	—
Robeco (Fl.50)	164.5	+0.5	26.4	8.0
Rodamco (Fl.25)	104		3	11.5
Rolinco (Fl.50)	135	+0.5	s	—
Rorento (Fl.50)	110.9	—0.1	z19.5	4.2
RoyalDutch(Fl 20)	144	—0.5	53.75	7.5
Slavenburg	238.5		21.5	9.0
TokyoPac Hlds$	131.5	—0.5	$0.59	0.5
Unilever (Fl.20)	129	—0.6	44	6.9
Viking Res.	57.8		$0.29	0.8
Volker Stvn(Fl 20)	75.2	+0.2	30	8.0
West.Utr.Hypok	372.8	—0.7	33	4.3

BRUSSELS/LUXEMBOURG

[illegible]

COPENHAGEN ♣

Aug. 1	Price Kroner	+ or —	Div. %	Yld. %
Andelsbanken	139¾		12	7.9
Danske Bank	120¾		12	9.9
East Asiatic Co.	130¾	—1	10	7.7
Finansbanken	163½	—½	16	9.8
Bryggerier	305	—2	12	3.9
For Papir	108		—	
Handelsbank	120¾		12	9.1
G Nthn H (Kr80)	310½	—¾	12	3.5
Nord Kabel	174	+1½	12	6.9
Novolnd'stries B	213½	—¼	10	4.7
Oliefabrik	140¾	—¾	6	4.3
Privatbank	131¼		13	9.9
Provinsbank	134¾		12	8.9
Soph.Berensen	321½	—1	13	4.1
Superfos	151	—½	12	8.0

VIENNA

Aug. 1	Price %	+ or —	Div. %	Yld. %
Creditanstalt	336		10	2.9
Perlmooser	276		9	3.2
Selecta	562	—1	38	6.6
Semperit	77	+2	—	—
Steyr Daimler	207	—1	9	4.4
Veit Magnesit	281		10	3.6

SWITZERLAND ♦

[illegible]

MILAN

[illegible]

PARIS

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

Financial Rand U.S.$0.83
(Discount of 28½%)

SPAIN ▼

[illegible]

BASE LENDING RATES

A.B.N. Bank 14 %	■ Hambros Bank 14 %
Allied Irish Bank Ltd. 14 %	■ Hill Samuel §14 %
Amro Bank 14 %	C. Hoare & Co. †14 %
American Express Bk. 14 %	Julian S. Hodge 15 %
A P Bank Ltd. 14 %	Hongkong & Shanghai 14 %
Henry Ansbacher 14 %	Industrial Bk. of Scot. 14½ %
Associates Cap. Corp. 14 %	Keyser Ullmann 14 %
Banco de Bilbao 14 %	Knowsley & Co. Ltd. 15½ %
Bank of Credit & Cmce. 14 %	Lloyds Bank 14 %
Bank of Cyprus 14 %	London Mercantile 14 %
Bank of N.S.W. 14 %	Edward Manson & Co. 15 %
Banque Belge Ltd. 14 %	Midland Bank 14 %
Banque du Rhone et de la Tamise S.A. 14½ %	■ Samuel Montagu 14 %
Barclays Bank 14 %	■ Morgan Grenfell 14 %
Bremar Holdings Ltd. 15 %	National Westminster 14 %
Brit. Bank of Mid. East 14 %	Norwich General Trust 14 %
■ Brown Shipley 14 %	P. S. Refson & Co. 14 %
Canada Perm't Trust 14 %	Rossminster 14 %
Cayzer Ltd. 14 %	Ryl. Bk. Canada (Ldn.) 14 %
Cedar Holdings 14 %	Schlesinger Limited 14 %
■ Charterhouse Japhet 14 %	E. S. Schwab 15 %
Choulartons 14 %	Security Trust Co. Ltd. 15 %
C. E. Coates 14 %	Shenley Trust 15 %
Consolidated Credits 14 %	Standard Chartered 14 %
Co-operative Bank *14 %	Trade Dev. Bank 14 %
Corinthian Secs. 14 %	Trustee Savings Bank 14 %
Credit Lyonnais 14 %	Twentieth Century Bk. 15 %
The Cyprus Popular Bk. 14 %	United Bank of Kuwait 14 %
Duncan Lawrie 14 %	Whiteaway Laidlaw 14½ %
Eagil Trust 14 %	Williams & Glyn's 14 %
English Transcont. 14 %	Yorkshire Bank 14 %
First Nat. Fin. Corp. 15½ %	
First Nat. Secs. Ltd. 15½ %	
■ Antony Gibbs 14 %	
Greyhound Guaranty 14 %	
Grindlays Bank ‡14 %	
■ Guinness Mahon 14 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

EUROPEAN OPTIONS EXCHANGE

[illegible]

Martin Taylor on Rowntree's quest for growth on the Continent

Waving the big brand flag in Europe

MANY BRITISH companies with subsidiaries in France two years ago were wishing they could be rid of them. Severe price controls had squeezed profit margins at a time when costs were rising rapidly, and there was profound gloom about the future of the business community under a Socialist-Communist coalition, the success of which at the polls was taken almost as read. Rowntree Mackintosh chose this moment—July 1977—to increase its exposure to France by bidding for the Dijon firm of *Chocolaterie Lanvin*.

With hindsight the most astonishing thing about the deal is the price. Rowntree secured a new factory and a well-known brand name in chocolate assortments for less than £2m, a fair reward for its willingness to make a politically bold investment. After all, even Communists eat chocolates, and the Lanvin purchase was just the latest step in Rowntree's grand strategic plan: its quest for growth in continental Europe.

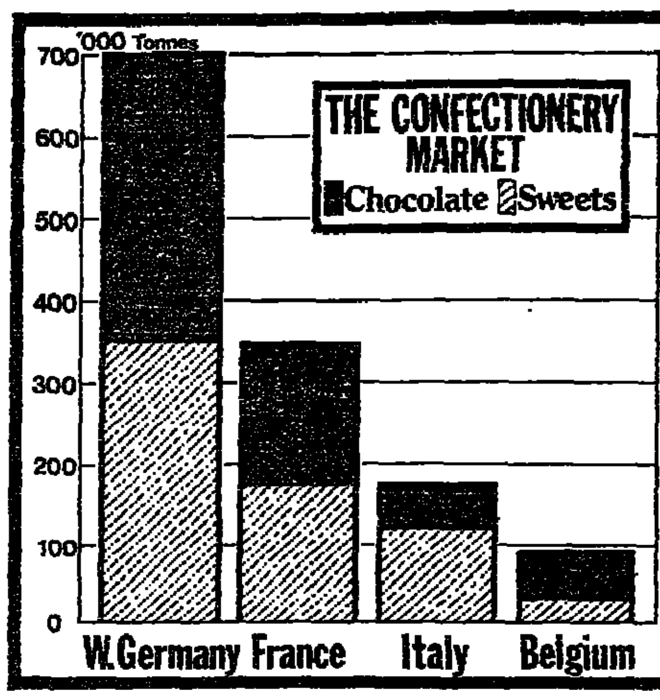
Rationale

The reasoning behind the group's push into Europe is simple. First, the European confectionery markets are relatively fragmented by comparison with their British or American equivalents, where frenetic competition between powerful multinationals is the rule. At the moment, for example, Rowntree is having to fight hard in the UK to hold the market share it managed to gain from Cadbury Schweppes with its launch of the Yorkie Bar. One percentage point of UK market share is an enormous achievement against the competition of Cadbury and Mars.

Secondly, there may be slightly more room for absolute growth in the European marketplace. More significantly, what growth there is at the moment is in the sectors in which Rowntree is traditionally strong—countlines and assortments. The French seem to be beginning to think of chocolate confectionery in its own right rather than of something which is merely given to children in place of a meal when they come home from school. If anyone can take advantage of the idea, slowly dawning in France, that there is more to confectionery than sugared almonds, it should be Rowntree Mackintosh with its strong portfolio of countline brands.

That is not to say that RM makes no concessions to local tastes. The Smarties made at its Hamburg factory are not quite the same as English Smarties. But Rowntree is interested principally in selling its *own brands*—"we want to take internationally proven products into Europe and develop them," as Mr. Lindsay Mackinlay, the chairman of RM's European division, puts it: the group baulks at invading the Dutch market for salted liquorice. The French, though, are being persuaded through the medium of After Eight to abandon their prejudice against eating chocolate and mint together.

Rowntree, as opposed to Mackintosh, had a minor presence in Europe as early as 1926. But it was only with the purchase of a majority stake in the Stockmann company in Hamburg in 1964 that the company began to direct its ambitions seriously. In the next few years local agencies were set up in Belgium and Italy and in the early 1970s the group, enlarged by the Mackintosh merger, began to buy French confectionery firms, Chocolat Menier in 1971 and Chocolat Ioled in 1973. Menier has a factory astride the river Marne at Noisiel in which, astonishingly enough, a good proportion of the Yorkie Bars sold in England are currently produced—in itself a symbol of RM's international integration. Germany and France now make an approximately equal contribution to the division's sales.



The result has been that the sales of the European division have risen to £130m in 1978 from £3m in 1966. Between 1976 and 1978 volume sales of the group's four major products, Kit Kat, Smarties, After Eight and Quality Street, rose by a quarter. Heavy investment is continuing: around £10m a year at present on fixed assets, notably a Quality Street plant at Dijon and a Rolo plant at Hamburg. As the overseas business grows, there is a large requirement for working capital. The net working capital of the group as a whole has risen by nearly £25m a year in the last two years and a fair proportion of this must be accounted for by the European operation. RM is unashamedly going for market share and its operating margins are held down by advertising and marketing costs—"a heavy programme over several years." Mr. Mackinlay considers that it would be wrong to try to take the available profits out of the European division at present: funds are being ploughed back in with the intention of building up a substantial and secure stream of earnings in a few years' time.

Just how many years is, of course, a vital question. It would certainly be wrong to expect a major earnings contribution in the next two or three years, and it will certainly take longer before development is considered more or less complete. RM's balance sheet is enviably strong: at the end of 1978 net debt totalled only £22m against shareholders' funds of £216m. But in the last year there would have been an outflow of cash—£20m or so—but for the £36m rights issue, and there is no doubt that RM is prepared to increase its gearing in order to meet the requirements of the growing European division, where the cash-flow is unlikely to cover the cost of RM's development for some time.

The group's financial plans increasingly hinge on local borrowings. RM initially puts in its own funds to build up a manufacturing plant against which local money may be raised. The reliance on local banks has paid off—the Lanvin acquisition, for example, was drawn to Rowntree's attention by its French bankers. This may partly reflect the desire to become a local company as much as to get assets and liabilities matched in the same currency: RM's advertising in Europe concentrates on pushing the brand, not the parent company's name. This follows the company's traditional approach in the UK, in so far as not all RM's final customers may be aware that Polo and Kit Kat come from the same stable, but here at least Rowntree Mackintosh is a household name.

The new launching activity is frenetic—Kit Kat in Holland, Rolo in Holland and Belgium, the Lion Bar in France. It is possible in time that locally developed brands may be sold in the UK in line with the policy of selling universal brands. There appear to be strange cycles in the invention of new confectionery products. In the 1930s Rowntree invented Black Magic, Kit Kat (then known as Chocolate Crisp), Aero, Dairy Box and Smarties within four years—a series of remarkably durable brands. On the Mackintosh side, Quality Street and Rolo date back to exactly the same period. One can only put it down to sun spots. Since the war, major new launches have been less frequent: until the Yorkie launch, in 1976, Rowntree's only important new products had been Polo and After Eight.

But what does it matter when you have brands good enough to go on and on, that people buy again and again without really noticing the price—what Mr. Mackinlay calls "sound repeat-purchase products." RM has already persuaded the Germans that After Eight is a product of enormous chic and status—it is surely worth spending a great deal of time, money and energy on persuading continental consumers to buy Kit Kats whenever they go to the tram stop. RM is setting out to establish a source of very durable earnings—a few years off, perhaps, but the operation seems to be running to plan.

Growers cut potato plantings

By Our Commodities Staff

GROWERS registered with the Potato Marketing Board reduced potato plantings by about 7 per cent this year, provisional estimates show.

The total British potato area this year is put at 171,000 hectares, compared with 184,000 last year.

The greater reduction—13 per cent—was registered among growers of early varieties who were badly held up by the late spring. The maincrop area is down only 5 per cent at 171,000 hectares.

Among maincrop of "old" varieties, Pentland Crown is still the growers' favourite even though plantings have fallen about 9,000 hectares to 31,900. Maris Piper, second favourite, is planted in 28,000 hectares while the one-time market leader, King Edward, has lost a little more ground and now occupies only 13,500 hectares.

Leading egg producer closes down

By Christopher Parkes

ONE OF Britain's most prominent independent egg producers, Mr. John Chapman, filed a petition for bankruptcy yesterday afternoon.

Mr. Chapman, who farms near Ashby de la Zouch, Leicestershire, has closed his 20,000-layer unit and resigned from the chairmanship of the National Egg Producer Retailers' Association.

He joins a growing list of modest-scale egg producers who have fallen victim to the cut-throat conditions on the British market which has been disrupted by price-cutting and dumping of cheap eggs from the Continent.

The UK egg market has been generally over-supplied for more than two years, but some independents have been able to fall back on income from other farm enterprises.

Mr. Chapman has been a leading critic of the Imperial Tobacco group, which recently absorbed the Eastwood egg empire into its Ross Buxted Nitrovit subsidiary.

Imps' aggressive marketing tactics have led it to extend its activities from supplying major supermarket outlets into the corner shops on which the independent producer-retailers depend for a large proportion of their earnings.

Compromise plan for cocoa pact

BY RICHARD MOONEY

IN AN attempt to break the deadlock at the conference negotiating the International Cocoa Agreement in Geneva, now in its third week, Mr. Anthony Hill, the Jamaican chairman, yesterday proposed a new compromise buffer stock buying and selling price range. *But the gap between the price demands of producing and consuming country delegations remains wide.*

Mr. Hill suggested a "ceiling" price of 160 cents a pound and a "floor" of 110 cents, slightly lower than the 168/112 cents compromise he proposed last week.

But the "floor" would still be well above the 100 cents level the U.S., the world's biggest cocoa consumer, is reported to have been demanding.

A lower figure, however, would almost certainly have been rejected by the producers, most of whom, according to delegate sources, were ready to accept the chairman's previous price proposal. A notable exception, they said, was the Ivory Coast, the world's biggest producer, which wanted a 120 cents floor.

Most consuming countries were prepared to accept a 155/105 cents range, the sources added.

Both sides have modified their positions drastically since the last negotiating conference in February. Then producers were demanding a floor price of 188 cents and consumers 74 cents. At the beginning of the current session producers called for a 136 cents floor and consumers 100 cents.

These differences have been narrowed further but delegates are far from optimistic that the remaining gap can be closed during the current round of talks.

Before announcing his new proposal, Mr. Hill, who said at the beginning of the conference he was confident agreement would be reached within the allotted two weeks, described the situation as "touch and go." African producer sources were more pessimistic. They said the chances of reaching agreement were slim.

On the London futures market yesterday, cocoa prices lost ground following the sharp rise on Tuesday when sterling's weakness was the main influence.

The market was quiet in the morning but rose early in the *afternoon when the December* position climbed to £1,480 a tonne. But there was little buying interest and December cocoa ended the day £16 down at £1,444.5 a tonne.

Chinese buying lifts sugar

By Our Commodities Editor

WORLD SUGAR prices rose yesterday following reports of sizeable purchases by the Chinese. The Australian Sugar Board confirmed it had sold 100,000 tonnes of raw sugar to China for delivery over the next few months.

French merchants, Sucres et Denrées, said it had sold EEC white sugar to China for immediate delivery. However, market sources thought the quantity involved was much lower than original market rumours that the Chinese had bought 100,000 tonnes.

The market was also boosted by buying tenders being held by Bangladesh, Syria and Venezuela.

Further encouragement came from the U.S., where the House of Representatives rules committee has finally cleared the way for the Sugar Bill to be considered by Congress. However, this is unlikely to be considered until after Congress returns from recess in early September.

The London daily price for raw sugar yesterday was raised by £1 to £94 a tonne. On the futures market, the December position closed £1 higher at £108.675 a tonne.

More zinc producers cut prices

By John Edwards

THE CUT in the European producer price for zinc, from $845 to $780 a tonne, was confirmed yesterday when it was followed by leading producers in Australia, Canada and Europe.

The move to the lower price level was initiated last week by European smelters because of poor demand, but producers had held back until Tuesday when A. M. and S. Europe decided to cut its selling price.

The U.S. National Zinc lowered its domestic zinc selling price by 2.50 cents to 37 cents a pound.

Meanwhile in Brussels, the Zaire state metals company Sozacom said it was not planning to change its world price of cobalt from the current level of $25 a pound. The denial followed rumours that a change might be made by Zambia, which earlier this year guaranteed that its cobalt price would be fixed at $25 until the end of July.

Bigger world cotton crop is expected

WASHINGTON — World cotton production will show a moderate rise in 1979/80 from the 60.3m bales (478 lbs net) in 1978/79, according to the International Cotton Advisory Committee (ICAC).

The gain is expected to be mostly in the U.S. but production in Pakistan and the USSR is also expected to increase substantially.

ICAC noted that U.S. Agriculture Department's June acreage survey estimated cotton plantings at 13.9m acres, up more than four per cent from the previous season. It said U.S. cotton output is projected at between 12.2m and 14.6m bales, up from 10.8m in 1978/79.

Mexico's cotton output in 1979/80 will be slightly above the 1.6m bales produced in the current season, the Committee forecast.

Central American cotton plantings are expected to equal or surpass the 1978-79 level, with the exception of Nicaragua and El Salvador.

ICAC estimated India's cotton output in 1979/80 at slightly below the record of over 6m bales in 1978/79, while Pakistan's production is projected at close to 3m bales, up from 2.25m.

The USSR crop this year has progressed well, and could easily reach 13m bales with continued favourable weather, ICAC said. In 1978-79 the Soviet total was 12.5 bales.

World cotton carryover at the end of the 1978-79 season is estimated at 22.5m bales, a 2.3m less than hte beginning carryover.

Reuter

PIGS

An unhealthy outlook

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THERE IS an old saying to the effect that pigs are either copper or gold—a reference to the pig cycle which existed long before the EEC was ever thought of. In fact, I have come across much the same description of "them" in several European countries.

The reason for the cycle is that the pig reproduces quickly. If times are good farmers increase their herds and then overlook the market. This depresses prices, and causes the discouraged to drop out. The ensuing shortage forces up prices once again.

Before the Common Market was formed each European country had its own pig cycle, which seldom coincided with the others. But today the cycle is universal.

At the moment in Europe, prices are low in consequence of a surplus of pigs. In Britain, though, we appear to be temporarily at least on a faint upswing after a nadir of about four months. This is almost entirely due to the protection against imports of fresh pork, particularly from Holland.

The reason for this is to prevent the spread of swine fever and this protection is likely to last until Christmas, when the situation is to be reviewed again. This protection is entirely on health grounds.

There is nothing in the Treaty of Rome which allows any government to prevent the importation of Community produce except on health grounds. But, of course, ways and means are found, and the most notorious case is that used by France when banning imports of British lamb.

As a pig-keeper myself, I am very conscious of the threat from Dutch and other sources and while I believe that the present strains of British pigs are just as good as any on the Continent, I am very fearful of the marketing expertise of the Europeans, particularly the Dutch and Danes.

There is another most important factor. Like most of the larger British herd owners, I employ labour. The Europeans in general don't: the business is almost entirely in the hands of family farmers. At a time when margins are being squeezed the family just tightens its belt and waits for the next upward swing of the cycle in a way in which an employer of labour cannot do.

For that reason I believe that in a free-for-all, which could follow the removal of the present health regulations, British pig farmers could be very much at a disadvantage. I don't think the Dutchman is any better at producing pigmeat than we are but I believe that by a manipulation of other markets he could sell competitively here at prices which would mean disaster for British producers if kept up for any length of time.

There is no open-ended guarantee in the Community for pigmeat as there is for milk and beef for instance.

Having a mixed farm I intend to ride out this possible attack as I have other falls in the pig cycle, bolstered by three factors which I think are crucial. My buildings may be labour intensive but they were written off years ago. Their replacement would cost, in interest and repayment, several times the wages of the man I could save.

The feed is all farm-mixed; either from my own grain or purchased from neighbours. The gross saving on this is between £15 to £20 a tonne as against proprietary compounds.

The compounder may mix more efficiently, but the transport and handling costs inherent in buying compounds can be avoided by home mixing and they are a major item in the price differential.

I have a minimal disease herd. That does not mean that the pigs are never ill but that over the last 12 years I have not suffered from major calamity and have no signs of virus pneumonia which is one of the worst and most debilitating diseases pigs can suffer. My freedom from this disease up till now, and I would be the first to say that it is partly a matter of luck, has been due to a strict policy of never buying a pig from another herd.

I started the herd with stock from a minimal disease herd and for several years only bought boars from this and similar herds. Once the herd was established, I did not think the imported boars did any better than they should have done, and I noticed that there were unexplained minor illnesses which seemed to follow the introductions of fresh stock.

This is best explained by the fact that every pig herd will, in the end, produce its own immunity, but would be vulnerable to other strains of the same infections.

So for the last few years I have bought no boars and, instead, introduced new blood by artificial insemination. After some early teething troubles the system has been quite successful, and the performance and health of the pigs has been quite good. But health is a matter of perpetual vigilance.

And this quality will be essential if Aujesky's disease, which is endemic in Holland and several other countries, establishes more than its present foothold here. The disease causes severe loss among breeding pigs through abortion and is transmissible to cattle and dogs and cats as well, usually with fatal results.

The Minister of Agriculture has made the disease notifiable, but has so far resisted demands for a slaughter policy on the grounds of expense. But the veterinary staff is looking into the possibility of vaccination as performed in Holland.

There is also a demand for a continuation of the ban on the importation of fresh pork, as opposed to bacon, from countries where the disease is known to exist as happen with foot and mouth disease and swine fever. In view of the speed with which pig diseases can multiply in areas of high concentration, precautionary moves to prevent this happening should be well in hand because the cost to the industry could be crippling if Aujeskys ever became really established here.

Small farm unity sought

BY OUR COMMODITIES STAFF

THE NEWLY-FOUNDED Small-farmers' Association is canvassing the agricultural community for new members. Set up last month, the organisation already has 70 subscribers—mostly in the South West—but it is seeking more and hopes to amplify the small-scale producers' voice at national level.

The association wants to stop the rapid decline in the number of small farm holdings in the UK, make the industry more accessible to newcomers, and to press for policies which will prevent large farms from growing.

At the association's inaugural meeting, Mr. J. D. Hunter-Smith, chairman, called for a selective tax on land to penalise expansion of large farms and purchases by City institutions.

He also suggested preferential credit facilities for young people starting up in the industry.

In the 12 years ending in 1976, the number of farms in Britain of 100 acres or less fell from 240,000 to 140,000. In Wales, Mr. Hunter-Smith claimed, a quarter of all farms between 50 and 100 acres disappeared between 1961 and 1974.

He defined a "small" farm as one run by two men or one man plus family help. Acreage was not a reliable guide, he said, since 1,000 acres of mountain land could be classed as "small" while an acre of glasshouses could by comparison be termed "large."

The association is already discussing the possibility of affiliation with the National Farmers' Union, and has made contact with the Ministry, the European Commission, colleges and overseas embassies.

USSR imports more soyabeans

WASHINGTON — Soyabean shipments from the U.S. and Brazil to the Soviet Union during the first five months of this year totalled 951,000 tonnes, up sharply from the 569,000 tonnes in the same period last year, the U.S. Agriculture Department said here yesterday.

In its round-up of world production and trade developments, the USDA said June shipments to the USSR from the U.S. totalled 155,000 tonnes and, including those shipments, known movements of soyabeans to the USSR since January amounted to 1,057,000 tonnes.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange. The initial rise in sterling saw forward metal dip from £825 to £820 on the early pre-market, before a reversal in the currency prompted a rise in forward metal to £830 on the morning kerb. Afternoon trading saw Comex move ahead strongly and forward metal in London picked up to touch £835 prior to a close on the late kerb of £834 despite the renewed firmness of sterling. Turnover, 16,800 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	813-.5	+12.5	817.5	+5
3 months	826.5-7.5	+12.5	830-1	+4.5
Settlem't	813.5	+12	......	......
Cathodes				
Cash	789-90	+19.5	790-3	—.5
3 months	809-10	+19.5	812-4	+.5
Settlem't	790	+20	......	......
U.S. Smt.	—	......	*84-87½	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £813.5, three months £829, 30, 28, 27, 28, 27.5, 27. Cathodes, three months £809. Kerb: Wirebars, three months £828. Afternoon: Wirebars, three months £828, 29, 28.5, 29, 31, 32, 31, 30, 31. Kerb: Wirebars, three months £828, 29, 30, 35, 33, 32, 33, 34, 34.5, 34.

TIN—Lower owing to profit-taking which saw forward standard metal fall from £6,600 to £6,500 on the pre-market. However, the market picked up to close at £6,550 [illegible] covering against U.S. physical demand. Turnover, [illegible] tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6555-65	+115	6540-50	—95
3 months	6555-60	+115	6550-70	—75
Settlem't	6565	+115	......	......
Standard				
Cash	6555-65	+157	6540-50	—95
3 months	6550-55	+115	6540-50	—67.5
Settlem't	6565	+115	......	......
Straits E.	§1876	+8	......	......
New York	—			

Morning: Standard, three months £6,560, 50, 55. Kerb: Standard, cash £6,540, 30, three months £6,540, 30, [illegible]. Afternoon: Standard, cash £6,535, [illegible] three months £6,550, 52, 40, 50. Kerb: Standard, three months £6,550, 30, 40.

LEAD—Barely changed with buying from one particular quarter and currency considerations leaving forward metal at £497 on the late kerb. Turnover, 3,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	507-8	+5	510-12	+2.5
3 months	497-.5	+5.75	497-8	—2
S'ment	508	+6	—	......
U.S. Spot	—	......	*58-63	......

Morning: Cash £508, three months £497, 98, 97. Kerb: Three months £492, 96. Afternoon: Three months £496, 98, 97. Kerb: Three months £497.

ZINC—Firmer for forward metal. The impact of currency fluctuations and a slightly firmer trend in other metals left forward metal at £307 on the late kerb. Turnover, 900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	292.5-3	+2.5	297.5-9	—1.75
3 months	305.5-6	+3.25	306-7	+3.75
S'ment	293	+3	......	......
Prim'wst	—	......	*39.5	......

Morning: Three months £301, 2, 3. Kerb: Three months £304, 3, 4. Afternoon: Three months £305.5, 7. Kerb: Three months £306.5, 7.

ALUMINIUM—Gained ground in line with copper with forward metal recovering from being £667 early on to close the late kerb at £673.5 after a day's high of £675. Turnover, 3,025 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficl	+ or —
	£	£	£	£
Spot	672-5	+14½	671-8	+5
3 months	667-8	+13½	666-9	+5

Morning: Three months £667, 68, 65, 66, 67. Kerb: Three months £669. Afternoon: Three months £668. Kerb: Three months £672, 74, 75, 74.

NICKEL—Easier in dull and routine trading with forward metal finally £2,620 on the late Kerb. Turnover, 630 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl	+ or —
Spot	2580-90	+55	2545-65	—35
3 months	2630-50	+55	2610-40	—28

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,620, 30, 50.

CORAL INDEX: Close 455-460

SILVER

Silver was fixed 8.45p an ounce higher for spot delivery in the London bullion market yesterday at 404.6p. U.S. cent equivalents of the fixing levels were: spot 909.5c, up 1.2c; three-month 924.7c, up 0.1c; six-month 944.1c, down 0.1c; and 12-month 975.5c, down 0.4c. The metal opened at 399½-400½p (901-903c) and closed at 396-397p (900-902c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	404.60p	+8.85	396.9p	—6.55
3 months	415.20p	+8.70	407.75p	—6.5
6 months	426.20p	+8.68	—	......
12 months	444.50p	+8.60	—	......

LME—Turnover 282 (232) lots of 10,000 ozs. Morning: Three months 418, 16.3, 16.2, 16, 15.8, 16, 16.2, 16. Kerbs: Three months 416. Afternoon: Three months 411, 11.5, 11.2, 11.1, 11, 8.5, 9, 8.2, 8.1, 8, 7.8. Kerbs: Three months 407, 8.5, 8.6, 7.5, 8, 9, 8.5.

COCOA

Cocoa futures were slightly easier reflecting an improvement in Sterling together with light profit-taking, reported Gill and Duffus. Sales: 4,649 (2,902).

COCOA	Yesterday's Close	+ or —	Business Done
Sept.	1379-1380	—13.5	1411-1376
Dec.	1444-1445	—18.5	1480-41
March	1490-1491	—17.0	1525-1490
May	1520-1522	—14.0	1548-20
July	1545-1549	—18.0	1577-76
Sep	1568-1580	—17.0	1590
Dec	1605-1620	—	1625-20

International Cocoa Organisation (U.S. cents per pound). Daily price, July 31: 143.15 (140.03). Indicator price for Aug. 1: 15-day average 145.08 (145.56); 22-day average 147.51 (148.36).

COFFEE

Robustas opened slightly higher as expected but tended easier during a somewhat quiet morning session, reported Drexel Burnham Lambert. In the afternoon prices remained buoyant as the market fluctuated in a narrow range and good trade buying towards the close contributed to a steadier finish as values closed around the highs of the day £21.0 to £36.0 up from the previous night's levels.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1727-1728	+25.5	1729-1690
November	1756-1757	+35.5	1760-1705
January	1753-1758	+30.0	1758-1710
March	1710-1712	+21.5	1715-1675
May	1698-1699	+21.0	1700-1676
July	1685-1694	+24.5	—
Sept.	1672-1665	—	—

Sales: 4,757 (5,916).

ICS indicator prices for July 31 (U.S. cents per pound): Other Mild Arabicas 192.63 (187.33); Robustas ICA 1976 180.0 (177.50); ICA 1968 180.25 (177.75); Columbian Mild Arabicas 205.5 (201.0); Unwashed Arabicas 191.0 (190.0). Comp. daily ICA 1968 190.31 (187.39).

GRAINS

The market opened 10-15p lower and after a fairly quiet morning session values eased on commercial selling particularly on the nearby options to close 45-55p lower on wheat and 45-48p lower on barley, reported Acli.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	91.55	—0.55	86.90	—0.55
Nov.	95.60	—0.55	91.00	—0.50
Jan.	99.95	—0.55	95.45	—0.45
Mar.	103.35	—0.45	99.00	—0.35
May	106.75	—0.45	102.15	—0.18

Business done—Wheat: Sept. 91.95-91.80, Nov. 96.00-95.60, Jan. 100.25-99.95, March 103.55-103.35, May 107.00-106.75. Sales 132. Barley: Sept. 87.35-86.90, Nov. 91.50-91.00, Jan. 95.80-95.40, March 99.25-98.95, May 102.30-102.15. Sales 181.

HGCA—Location ex-farm spot prices. Feed barley: Shropshire 89.50, Essex 86.00.

The UK Monetary Coefficient for the week beginning August 6 is expected to decrease to 1.00.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Aug. 91.25, Sept. 92.25, Oct. 94.00, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 95.75, Sept. 95.75, transhipment East Coast. EEC unquoted. Maize: Aug. 107.50, Sept. 109.00, transhipment East Coast. S. African White unquoted. S. African Yellow Aug. 82.00 nominal. Barley: English Feed fob Aug. 88.50, South Coast, Oct.-Dec. 93, East Coast, Jan.-March 100.50, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian Feed unquoted.

RUBBER

The London physical market opened easier with little physical interest throughout the day, closing on a weak note. Lewis and Peat reported a Malaysian godown price of 290 nom. (294) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept.	58.00-59.50	59.90-60.85	—
Oct.	58.10-58.00	60.40-61.00	—
Oct-Dec	59.50-59.75	61.55-61.65	61.50-60.50
Jan-Mar	62.10-62.15	64.45-64.50	64.50-62.15
Apr.-Jne	64.55-64.60	66.70-66.75	66.40-64.50
Jly.-Sept	67.00-67.05	69.00-69.05	69.00-67.00
Oct-Dec	69.40-69.45	71.30-71.35	—
Jan-Mar	71.85-71.95	73.65-73.70	73.00-71.95
Apr-Jne	74.30-74.50	76.05-76.10	75.35-75.50

Sales: 395 (515) at 15 tonnes.

Physical closing prices (buyer) were: Spot 57.50p (58.25p); Sept. 62.50p (63.25p); Oct. 62.75p (63.25p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 90 tonnes, bringing the total for the week so far to 291 tonnes. Only scattered off-take occurred with limited dealings in African and Latin American styles. The call for Middle Eastern qualities was unimportant.

SOYABEAN MEAL

The London market opened slightly steadier continuing yesterday's recovery in prices. Light trade buying *pushed prices higher but with stronger* Sterling the market failed to hold and closed at opening levels, reported T. G. Roddicks.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
August	108.40-09.5	+0.5	—
October	114.50-14.8	......	115.30-15.00
December	117.80-18.1	+0.10	118.00-17.50
February	120.20-20.4	+0.15	121.00-20.90
April	121.00-23.0	+1.75	122.70-22.50
June	121.60-25.0	+1.75	125.00
August	125.00-27.0	+1.50	—

Sales: 71 (82).

SUGAR

LONDON DAILY PRICE (raw sugar): £94.0 (£93.0) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £101.0 (£100.0).

The market was contained within a 100 points range throughout the day with price changes mainly determined by currency fluctuations, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	103.60-03.70	102.50-02.65	104.00-02.50
Dec.	108.65-08.70	107.60-07.70	109.20-07.70
March	116.15-16.20	115.25-15.50	116.60-15.25
May	119.35-19.90	118.80-19.00	120.00-19.25
Aug.	125.75-24.25	125.25-23.50	124.60-24.60
Oct.	127.75-28.50	127.35-27.75	128.00-27.25

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.55 (same) a tonne for home trade and £164.00 (£161.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed *Caribbean port*). *Prices for July 31:* Daily price 8.11 (8.34); 15-day average 8.48 (8.52).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Sept. 101.75, 102.20, 102.00-101.00, 109; Nov. 104.75, 105.30, 106.00-104.50, 81; Feb. 113.0, 113.5, 113.5, 7; April 117.50, 118.00, 117.50, 4; July 121.25, 122.25, nil, nil; Sept. 124.00, 127.50, nil, nil; Nov. 127.00, 132.50, nil, nil. Sales: 201.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on August 1. GB cattle 78.73p per kg. l.w. (—1.82): *UK sheep 145.7p per* kg. est.d.c.w. (+4.3); GB pigs 58.7p per kg. l.w. (—1.3). England and Wales: Cattle numbers down 5.1 per cent, average price 78.26p (—1.64): Sheep numbers up 17.6 per cent, average price 146.1p (+4.7); Pig numbers up 1.2 per cent, average price 58.7p (—1.3). Scotland: Cattle numbers down 12.9 per cent, average price 80.14p (—2.57): Sheep numbers up 149.8 per cent, average price 140.3p (—0.61): Pig numbers down 25.0 per cent, average price 59.4p (+3.8).

SMITHFIELD—pence per pound. Beef: Scottish killed sides 62.0 to 67.0, Eire hindquarters 76.0 to 80.0, forequarters 38.0 to 41.0. *Veal: Dutch hinds and* ends 95.0 to 98.0. Lamb: English small 58.0 to 62.0, medium 56.0 to 62.0, heavy 52.0 to 58.0; Imported frozen: N.Z. PL 48.0 to 50.0, PM 48.0 to 49.0. Pork: English, under 100 lb 35.0 to 43.0, 100-120 lb 35.0 to 42.0, 120-160 lb 35.0 to 41.0.

COVENT GARDEN—Prices in sterling per packet except where otherwise stated. Imported produce: Oranges—S. African: Valencias 4.80-6.30; Brazilian: 3.80-4.20; Californian: 6.00-6.80. Lemons—Italian: 100/120's 5.50-5.60; Spania: Trays 30/40/45 2.10-2.60; Argentine: 88/100/113 6.20-7.00. Grapefruit—*Jaffa:* Summer crop 4.30; S. African 27/72 3.70-5.70. Apples—S. African: Granny Smith 5.80-6.50, Starking 4.00, Yorks 5.00-5.50, Golden Delicious 6.00-6.50; New Zealand: Red Dougherty 6.30-6.70, Granny Smith 7.30-7.90, Sturmers 5.00; Tasmanian: Sturmer Pippins 4.00-4.50, Crofton 5.50-6.00, Starking 5.20-6.00, Granny Smith 5.00-5.20; Victorian: Granny Smith 6.80-7.30, Democrats 6.00; W. Australian: Granny Smith 6.80; Italian: Rome Beauty 0.09, Democrats, per pound 0.09, French Cardinals 0.06 per pound. Pears—Victorian: Winter Nelis 3.50-4.00; Spanish: Limoneras 0.14, Williams 16.17; *French:* Guyots 28 lb 2.60-3.00; Italian: Guyots 14.00. Plums—Spanish: Santa Rosa 2.40-3.60; Italian: Burbanks 0.25-0.30. Grapes—Cyprus: Cardinal, per pound 0.35. Sultana 0.25-0.28. Thompson 0.35, Alphonse 0.40, Rosaki 0.40. Nectarines—Italian: C/B/A 4.00-6.00. Bananas—Jamaican: Per 28 lb 4.40. Avocados—S. African: 3.50-3.80. Melons—Spanish: Yellow honeydew 10 kilos 5/14's 2.50-3.20. Water-melons—Spanish/Greek: Per box 1.80-2.50. Onions—Spanish: 4.50-5.60; Maltese 4.20-4.30. Tomatoes—Jersey: Per tray 1.70-2.00; Dutch: 1.80-2.00; Guernsey: 1.60-2.00. Cabbages—Dutch: White, net 6.00-6.40. Potatoes—Cyprus: 3.60; Jersey: Per pound 0.07½. Capsicums—Dutch: 2.80. Peaches—Italian: 1½ trays C's 2.40-2.60, B's 2.60-2.80, A's 2.80-3.00.

English produce: Potatoes—New crop per bag 1.90-2.30. Lettuce—Per 12 round 1.20-1.40, Cos 1.40, Webb's 1.40. Mushrooms — Per pound 0.50-0.60. Apples—Per pound Bramley 0.05-0.10, Grenadiers 0.05-7p. Tomatoes—Per pound 1.50-1.80. Cucumbers—Trays 8/18's 1.40-1.60. Cau'iflowers—12's Lincoln 1.40-2.00. Celery—Boxes 12/30's 2.20-2.50, large cartons 20/24's 4.00-4.20. Gooseberries—Per pound 0.20, Levellors 0.25-0.30. Cherries—Per pound 0.50-0.55. Peas—Per pound 6p-8p. Broad beans—Per pound 5p. Onions—Per bag 4.00-4.50. Carrots—Per bunch 0.06, per bag 1.00-1.70. Beetroot—Per bag 1.50-1.60. Marrows—Per 18 1.60-1.80. Capsicums—Per pound 0.20. Swedes/Turnips—Per 25/28 lb 1.60-1.70. Beans (stick)—20p-25p. Runners—14p-20p.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf Cod £4.00-£5.00, Codlings £2.70-£3.80, Large Haddock £4.70-£4.80, Medium £3.70-£4.20, Small £1.65-£2.70; Large Plaice £4.00-£5.00, Medium £3.80-£5.10, Best Small £3.60-£4.50; Skinned Dogfish (large) £8.00, (medium) £4.00; Lemon Soles (large) £6.00, (medium) £4.50; Saithe £3.00-£3.40.

PRICE CHANGES

In tonnes unless otherwise stated

	Aug. 1 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (es)	$1490/1510	......	$1,530/50
Copper			
Cash w'bar	£817.5	+6.5	£816
3 mths „	£830.5	+3.75	£830.25
Cash Cathode	£791.5	—0.5	£793.5
3 mths „	£813	+0.5	£812.6
Gold troy oz	$289.875	—9.0	$282.125
Lead cash	£511	+2.5	£609.0
3 mths	£497.5	+2	£574.25
Nickel	£5325.4	......	£3,225.4
Freemkt cif lb	$255/275c	......	250/75c
Platin'mtr'y oz	£155.5	......	£165
Free mkt	£169.25	—1.15	£190.0
Quicksil'ver	$290/310	+5.0	$285/300
Silver troy oz	404.60p	+6.85	392.05p
3 months	415.20p	+6.7	403.3p
Tin Cash	£6,545	—90	£7,575
3 mths	£6,547.5	—67.5	£7,012.5
Tungsten	$143.12	......	$141.61
Wolfrm 22.04 cif	$134/140	......	$142/50
Zinc cash	£298.28	—1.75	£337.5
3 months	£306.5	+5.75	£348.625
Producers	$780	—65.0	$845
Oils			
Coconut (Phil)	£1,050s	—20	$1,130
Groundnut	‡	......	‡
Linseed Crude	£396	......	£405
Palm Malayan	$664.50	......	$678
Seeds			
Copra Philip	$710y	—10	$730
Soyabean (U.S.)	$316.8z	+4.8	$321
Grains			
Barley Futures	£91.00	—0.80	£92.0
Maize			
French No3AM	£107.5p	......	£109.5
Wheat			
No. 1 Red Spg.	£91.25p	—1	£99.0
No2HardWint.	£95.75p	—1	£100.5
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,474.5	—236	£1,642.0
Future Dec	£1,444.5	—18	£1,542.0
CoffeeF't'r Nov	£1,756.5	+35.5	£2,036
Cotton A.Index	76.90c	—0.60	75.95c
Rubber (kilo)	57.50p	—0.75	61.0p
Sugar (Raw)	£94.0s	+1.0	£101.0
Wooltp's 64s kl	262p	......	271p

* Nominal. † New crop. ‡ Unquoted. in tonnes, unless otherwise stated. *p* August. *s* Aug.-Sept. *t* Sept. *w* Sept.-Oct. *x* Oct. *y* Oct.-Nov. *z* Indicator § Buyer.

AMERICAN MARKETS

NEW YORK, August 1.

THE GRAINS and soya complex rallied on the government's announcements of extending the 1978 loan programme as well as withdrawing rights for release *of maize* from the reserve programme. Gold and silver also rallied on expectations that the long-term upward trends have not been broken. Copper rallied to limit-up on aggressive trade and speculative interest. Cool temperatures and lag in beet crop progress led to good buying and net gains in the sugar market. Cocoa is currently in a trading range, awaiting direction from either the supply or demand side. Cotton closed slightly lower on some liquidation. The livestock complex has been under severe pressure and is still headed lower. The coffee market rally was related to further cooling of temperatures in Brazil, Heinold reported.

Coffee—Sept. 201.53 (193.00), Dec. 192.82 (189.70), March 188.71, May 187.90, July 186.75, Sept. 185.88, Dec. 183.00.

Copper—Aug. 83.45 (80.70), Sept. 84.05 (81.30), Dec. 84.80, Jan. 84.95, March 85.25, May 85.45, July 85.65, Sept. 85.85, Dec. 86.05, Jan. 86.10, March 86.15, May 86.20, July nil.

*Gold—Aug. 290.90 (285.90), Sept. 292.50 (288.70), Oct. 295.40, Dec. 300.90, Feb. 306.20, April 311.40, June 316.50, Aug. 321.50, Oct. 326.40, Dec. 331.20, Feb. 335.90, April 340.60.

Orange Juice—Sept. 104.45 (102.40), Nov. 102.75 (101.90), Jan. 102.70, March 103.50, May 103.90, July 104.60, Sept. 104.90, Nov. 105.20, Jan. 105.50.

*Platinum—Aug. 388.00 (378.50), Sept. 389.00 (nil), Oct. 388.60, Jan. 391.60, April 397.30, July 404.00, Oct. 409.00, Jan. 414.00.

Potatoes (round whites)—Nov. 65.0 (65.0), March 87.0 (86.3), April 104.2, May 124.9.

¶Silver—Aug. 908.0 (897.0), Sept. 916.0 (906.5), Oct. 924.0, Dec. 937.5, Jan. 944.0, March 957.2, May 970.3, July 983.3, Sept. 996.3, Dec. 1015.3, Jan. 1021.8, March 1034.8, May 1047.8. Handy and Harman bullion spot 894.50 (906.50).

Sugar No. 11: Sept. 8.63 (8.47), Oct. 8.91 (8.78), Jan. 9.63, March 10.17, May 10.46, July 10.76, Sept. 11.12, Oct. 11.25.

Tin—688.00-700.00 asked (683.00-695.00).

CHICAGO, August 1.

Lard—Chicago loose 25.25. New York prime steam not available.

Live Cattle—Aug. 58.97 (60.47-58.97), Oct. 57.50 (59.40-57.20), Dec. 59.30, Jan. 60.57, Feb. 61.77, April 63.20-63.17, June 64.50, Aug. 63.70, Oct. 63.20, Dec. 65.02. Sales: 22,699.

Live Hogs—Aug. 34.13-33.95 (35.12-34.02), Oct. 31.40-31.45 (32.40-31.42), Dec. 32.30-32.52, Feb. 33.80-33.50, April 33.45 asked-33.30, June 37.50-37.70, July 37.95, Aug. 36.50. Sales: 6,313.

‡‡Maize—Sept. 289-288¾ (221½), Dec. 285¾-295 (279¾), March 293¾-294, May 297½-297, July 297, Sept. 282½.

Pork Bellies—Aug. 27.90-27.70 (27.02-27.86), Feb. 37.85-37.55 (35.25-37.70), March 38.40-38.10, May 39.35, July 40.75, Aug. 39.65-40.10. Sales: 7,802.

Silver—Aug. 904.0 (895.7), Sept. 912.0 (904.0), Oct. 921.5-920.5, Dec. 936.5-934.0, Feb. 948.5-948.0, April 960.5, June 972.0, Aug. 984.5, Oct. 997.5, Dec. 1010.0, Feb. 1023.0, April 1036.5, June 1050.0, Aug. 1063.5, Oct. 1077.0, Dec. 1091.0, Feb. 1105.0, April 1119.0, June 1133.5, Aug. 1148.0.

†Soyabeans—Aug. 720-721 (715½), Sept. 720½-721 (715½), Nov. 714½-716, Jan. 727½-728, March 737½-738, May 745-746, July 750, Aug. 746.

"Soyabean Meal—Aug. 191.00-191.50 (191.60), Sept. 193.30-193.00 (192.10), Oct. 194.30-194.00, Dec. 195.70-195.50, Jan. 197.20-197.00, March 199.00-198.00, May 199.00-198.60, July 199.00-198.50, Aug. 199.90-200.00.

Soyabean Oil — Aug. 27.65-27.70 (27.42), Sept. 26.89-26.95 (26.80), Oct. 26.55-26.50, Dec. 26.15-26.20, Jan. 26.10, March 26.15-26.20, May 26.15-16.10, July 26.15-26.10, Aug. 26.00-26.05, Sept. 26.00.

‡Wheat—Sept. 421½-422 (410½), Dec. 426½-427 (417¼), March 430-430½, May 428-429, July 407, Sept. 411.

WINNIPEG, August 1. §Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 228.20 (225.20).

§Barley—Oct. 95.80 (91.80-92.50), Dec. 95.60 (92.50), March 95.70, May 97.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ¶ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 1.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent Aug. $199. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter Sept. $184, Oct. $189. U.S. No. 2 Northern Spring 14 per cent Aug. $190, Sept. $191, Oct. $194.50, *Nov. $196.50, Dec. $202.*

Maize—U.S. No. 3 Corn Yellow all $140.50, July $140.50, Aug. $141, Sept. $142, Oct.-Dec. $144, Jan.-March $150, April-June $152.

Soyameal—44 per cent protein. U.S. all $231, July $231, Aug. $234, Sept. $235, Oct. $241.50, Nov.-March $240.50. Brazil Pellets Sept. $242 traded, all $231, mid-July-mid-Aug. $233, Aug. $240, Sept. $243, Oct. $251, Nov. $256 sellers.

PARIS, August 1.

Cocoa (FFr per 100 kilo)—Sept. 1335-1355, Dec. 1370/1390, March 1410/1430, May 1420/1450, July 1425, Sept. 1420. Sales at call, 1.

INDICES

FINANCIAL TIMES

July 31	July 30	M'nth ago	Year ago
278.92	273.74	292.11	237.68

(Base: July 1, 1952=100)

MOODY'S

July 31	July 30	M'nth ago	Year ago
1059.2	1072.9	1085.3	921.5

(December 31, 1931=100)

DOW JONES

Dow Jones	July 31	July 30	Month ago	Year ago
Spot	398.99	399.44	417.23	355.20
F'tur's	404.32	402.05	428.86	343.81

(Average 1924-25-26=100)

REUTERS

Aug. 1	July 31	M'nth ago	Year ago
1533.3	1523.1	1595.4	1421.3

(Base: September 18, 1931=100)

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron contract: Oct. 406.0, 408.0, 408.0-405.0, 33; Dec. 414.0, 414.5, 414.5-413.0, 72; March 424.0, 424.5, 424.5-420.0, 54; May 423.5, 425.0, 425.0-421.5, 9; July 427.5, 428.5, 427.5-422.5, 18; Oct. 427.0, 428.0, 426.5-425.0, 12; Dec. 429.0, 431.0, 428.5-427.0, 4. Sales 202.

LONDON GREASY—Close (in order buyer, seller only). Oct. 218.0, 32.0; Dec. 218.0, 38.0. March, May, July, Oct. and Dec. all 268.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). Oct. 181.0, 183.0, 181.0, 1; Dec. 181.0, 183.0, nil, nil; March 189.0, nil, nil; May, July, Oct. and Dec. all 180.0, 191.0, nil, nil. Sales: 1.

Brazil raises coffee tax

By Our Commodities Staff

NEWS THAT Brazil had raised its tax on coffee exports helped to boost values on the London coffee futures market yesterday.

The Brazilian Coffee Institute has raised the contribution quota (export tax) on green coffee by $10 to $132 per 60 kilo bag, effective today.

Gilts rally in thin trade on sterling's late recovery
shares with Nigerian interests dull and Golds fall again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sept. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Proceedings at the start of another quiet and uncertain day in stock markets were dominated by weakness in the shares of British Petroleum on the overnight announcement of Nigeria's seizure of the group's interests in that country. From Tuesday's close of 1,195p, BP were opened at 1,160p and touched 1,150p before ending at 1,160p. Guinness, Paterson Zochonis and Grindlays, also with interests in Nigeria, were lowered in sympathy.

Gilt-edged put on a good performance, opening better in line with the early improvement in sterling and relinquishing the gains on the currency's later reaction before rising strongly to close with gains generally ranging to ½ in long-dated stocks on the pound's strength in the late trade. The Government Securities index closed at 72.60, thus picking up 0.36 of the previous 5-day loss of 1.72.

Conversely, shares of leading companies, initially easier on the pound's early rise, made a little headway in the early afternoon trade and generally held the slightly better values. Down 1.5 at 10 am, the FT 30-share index rallied to show a gain of 1.6 by 2 pm and closed 2.6 up on the day at 458.8.

North Sea oil stocks other than BP were usually firm following June's increased production from the area, particularly those interested in the Ninian and Beryl fields, and a seven-day sequence of falls outnumbering gains in FT-quoted industrials came to an end with rises yesterday in a 5-to-4 majority.

South African gold shares continued to retreat with the bullion price which has dropped $16½ an ounce over past four days with the Gold Mines index, down 3.8 at 148.6 yesterday, charting a three-day fall of 9.2.

Stimulated by yesterday's late recovery in sterling, Gilt-edged securities took a distinct turn for the better. Long-dated stocks made a rather uncertain start, but some buying interest was shown from around lunch time which was quickly reflected in prices and left final quotations with gains ranging to ½ and occasionally more. The recently-issued £15-paid long tap, Treasury 11¾ per cent, moved up a point to 14½. Trade in the shorts was rather slack, but prices tended firmer in sympathy with the longs and closed with rises extending to ⅛.

Despite the fluctuations of sterling, the investment currency premium moved within very narrow limits yesterday and, after a large two-way institutional business, closed only a fraction easier at 24 per cent. Yesterday's SE conversion factor was 0.9203 (0.9261).

Business in Traded options remained small but picked up with a total of 433 contracts being completed against Tuesday's depressed level of 172. Commercial Union, with half-time results expected in the next Account, attracted 75 deals, while Grand Met. were also active with 72 trades.

Grindlays down again

Comment on the disappointing interim results and concern about the group's Nigerian interests prompted renewed dullness in Grindlays which fell 5 for a two-day fall of 11 at 95p. The major clearing banks took the previous day's rally a stage further with Midland leading the way at 355p, up 9. NatWest put on 8 to 325p, while Barclays, 428p, and Lloyds, 288p, rose 6 apiece. Irish issues were buoyed by the punt's firm performance and Allied Irish ended 6 to the good at 112p and Bank of Ireland 8 up at 318p, after 320p. Elsewhere, buyers came for Provident Financial and the close was 5 dearer at 88p; the interim results are due on September 4.

Insurances moved higher with the general trend. Sun Alliance put on 8 to 522p, while General Accident improved 6 to 204p.

Breweries traded narrowly and closed little changed. Arthur Guinness, with large interests in Nigeria, fell 3 to 171p. Distilleries tended easier, Highland giving up 2 at 98p, while Irish, having been up to 76p following the recovery of the punt, succumbed to late pressure and ended a net penny off at 72p.

The majority of Building descriptions held close to overnight levels in a subdued trade, but profit-taking clipped 10 from Burnett and Hallamshire to 480p, while Brown and Jackson eased 5 to 255p. Irish currency influences promoted a gain of 4 to 78p in Cement Roadstone and Vectis Stone firmed 2 to 30p on the appearance of a solitary buyer.

Having perked up late on Tuesday following the sharp reaction in sterling, ICI traded quietly around the overnight level and closed a penny harder at 322p. Fisons, however, revived with a gain of 6 to 254p.

Martin Ford firm

Secondary issues provided the main points of interest in Stores. Martin Ford rose 3 to 38p following the higher interim profits, while Waring and Gillow closed a similar amount better at 147p on the sharp increase in annual earnings. Wearwell revived with a rise of 4 to 32p, while Vantona hardened 2 to 120p after comment on the interim results. Despite the higher preliminary profits and proposed 1-for-3 scrip issue, Dixons Photographic softened a penny to 138p, after 136p. Style continued firmly in Shoes, improving 4 afresh to 180p.

Automated Security, a good market of late, improved to 168p in response to the good interim figures before easing on profit-taking to close unaltered on balance at 163p. Elsewhere in Electricals, Cableform, down 2 more at 64p, continued to reflect the annual profits setback. Light support lifted Racal 5 to 420p, but United Scientific were on offer at 340p, down 8. Among the leaders, Thorn were inclined easier following the full report, closing 2 cheaper at 418p, after 416p. GEC, however, edged up 3 more to 356p.

Late support lifted John Brown 10 to 423p, while occasional buying interest prompted a gain of 4 to 162p in Vickers, but little else worthy of note developed in the Engineering leaders. With the exception of Vosper, which dipped 11 to 201p on the lower interim profits, movements in secondary issues rarely exceeded two or three pence either way. Amalgamated Power hardened 2 to 91p with the aid of Press mention and Bromsgrove Castings improved 3 to 62p in response to the increased dividend and profits.

Quietly steady for most of the session, leading Foods tended firmer in the late dealings. Rowntree Mackintosh and Northern Foods improved 4 apiece to 164p and 109p respectively, while Unigate, 88p, and Associated British Foods, 81p, both firmed 3. Among secondary issues, Hillards touched 350p in immediate response to the results and proposed 100 per cent scrip issue before profit-taking left the shares unchanged on balance at 330p. The return to profit and anticipation of the resumption of dividends prompted a gain of 2 to 38p in Morgan Edwards, but Hazelwoods Proprietary eased 1 to 71½p following the annual results. An investment recommendation stimulated interest in Lennons with the ordinary adding 3 to 39p and the new nil paid firming 1½ to 8½p premium.

Renewed interest was shown in Ladbroke which improved 5 to 178p, after 175p. Comfort Hotels attracted a fair amount of interest on consideration of the leasing deal and ahead of the annual general meeting due today with the shares adding 2 to

Reed Int. up

Miscellaneous Industrial leaders managed to take the previous day's technical rally a useful stage further although the volume of business again left much to be desired. Unilever rose 10 to 498p and Turner and Newall picked up 4 to 123p. Buoyed by the big profits recovery reported by its associated concern Reed Paper, Reed International firmed 5 to 163p. Elsewhere, Brady Industries A stood out with a jump of 10 to 80p, after 82p, in response to the strong profits recovery and the resumption of dividend payments. Alexander Russell rose 6 to 134p following the higher preliminary profits and proposed 3-for-2 scrip-issue, while renewed speculative interest lifted Feedex 3 to 44p. Dunbee-Combex put on 4 to 82p and Lindustries at 120p retrieved half of the previous day's fall of 10 which followed the retiring chairman's profits warning at the AGM. News of Hanson Trust's 135p cash bid for Lindustries came after market hours. Hoover A lost 6 to 150p on nervous offerings in front of today's interim figures.

Bernard Sunley Properties with a gain of 45 to 447p, after 450p, on the announcement that bid discussions had commenced with Eagle Star, 2 firmer at 137p. Elsewhere, Land Securities added 4 to 287p and MEPC 3 to 179p, while Great Portland Estates put on 6 to 322p. Consideration of the interim results lifted City Offices 2 to 83p, while buyers became interested in London Shop Property and Lynton which firmed 3 apiece to 90p and 163p respectively. Bank and Commercial, particularly dull since the capital reconstruction, rallied 48 to 285p.

BP weaken

News of the nationalisation of all of its Nigerian oil assets caused marked weakness in British Petroleum which opened sharply lower at 1160p, touched 1150p, rallied to 1170p and reacted afresh to close at 1160p for a fall of 35 on the day. On the other hand, Shell closed 2 dearer at 340p helped by the special interim dividend payment. The peak production figures from the North Sea oil fields prompted a lively trade in secondary issues. Oil Exploration were outstanding at 355p, up 12, along with Tricentrol, a similar amount dearer at 222p, the latter in front of today's interim statement. Ultramar gained 10 to 288p and Burmah 3 to 140p.

Fears of further Nigerian action against British companies following the nationalisation of BP's interests had an adverse effect on Paterson Zochonis which has sizeable assets in West Africa: the shares dropped 10, the Ordinary to 140p and the A to 130p.

Small gains predominated in Trusts, with Atlantic Assets improving 2½ to 107p in response to Press mention.

Among Shippings, P and O Deferred, 101p, and Lofs, 30p, both hardened a penny, but Furness Withy encountered sellers at 266p, down 5p.

Interest in Textiles was again confined to secondary issues. R. Smallshaw (Knitwear) added a couple of pence to 29p on the increased mid-term profits and dividend, the first interim payment since 1974. Montfort firmed 2 for a two-day rise of 5 at 64p.

Large dollar-earners Bats advanced 10 to 281p in response to the previous day's fall in sterling. Imperial was also firm, rising 2 to 91p.

Plantations generally ended easier following a subdued business. Recent speculative favourite London Sumatra gave up 5 to 263p, while similar falls were sustained in Bertram, 157p, and Castlefield, 280p.

Golds marked down

A further sharp fall in the bullion price, reflecting heavy overnight American and Swiss selling in front of last night's International Monetary Fund gold auction, brought renewed pressure on South African Golds.

Prices were marked down sharply at the outset and thereafter tended to drift as offerings of small parcels of stock found the market unwilling and sensitive.

The opening of U.S. markets was followed by modest "cheap" buying and caused a minor recovery but losses at the close still ranged to 1 in the heavyweights such as Vaal Reefs, £14, and Western Holdings, £15¼.

Medium and lower-priced issues showed Kloof 66 lower at 575p, East Rand Proprietary 20 off at 443p and Welkom 12 down at 266p.

The Gold Mines index lost ground for the third successive day to show a 3.8 fall at 148.6 while the ex-premium index gave up 4.3 to 136.8. The bullion price was finally $9 off at $289½ an ounce.

Financials mirrored Golds. Anglo American Corporation registered a fall of 12 at 309p, while Johnnies and GFSA were both 2 cheaper at £14¼ and £16¼ respectively. Among London Financials, Gold Fields rallied from 214p to close 2 down on balance at 216p.

Elsewhere, revived rumours of an oil find by Aran Energy coupled with vague talk of an uranium find prompted further speculative buying of Silvermines which touched a 1979 high of 61p before closing 4 better on balance at 59p.

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1100	95	4	130	—	—	—	1163p
BP	1150	70	9	—	—	—	—	"
BP	1300	12	10	45	1	72	—	"
Com. Union	140	9	15	13	30	13	—	140p
Com. Union	160	2	30	6	—	11	—	"
Cons. Gold	220	15	—	20	—	26	3	215p
Cons. Gold	240	7	30	12	—	18	—	"
GEC	360	24	8	44	—	55	—	356p
GEC	390	11	—	28	18	39	—	"
Grand Met.	138	10½	27	17	—		—	140p
Grand Met.	158	3½	44	7	1	—	—	"
ICI	300	34	—	38	—	42	1	323p
ICI	330	13	—	21	—	26	1	"
ICI	360	4½	—	11	4	—	—	"
ICI	390	2	—	6	1	—	—	"
Land Secs.	280	22	—	33	5	43	—	287p
Land Secs.	330	4	10	12	—	—	—	"
Marks & Sp.	110	9	19	12	2	17	—	109p
Marks & Sp.	120	5	2	8	—	12	—	"
Shell	300	40	20	—	—	—	—	339p
Shell	325	20	21	30	—	—	—	"
Shell	360	10	—	17	2	—	—	"
Shell	375	4	2	10	—	—	—	"
Shell	400	2	—	6	1	—	—	"
Totals			241		62		5	
		August		**November**		**February**		
Boots	200	1½	25	8½	—	11	—	183p
EMI	120	1	—	5	—	10	20	97p
EMI	130	½	—	3	15	—	—	"
Imperial Gp.	100	½	—	3½	—	6	5	91p
RTZ	260	12	2	24	—	32	—	261p
Totals			27		73		25	

FINANCIAL TIMES STOCK INDICES

	Aug. 1	July 31	July 30	July 27	July 26	July 25	A year ago
Government Secs.	72.60	72.24	72.48	72.95	73.25	73.60	70.84
Fixed Interest	73.42	73.73	73.82	74.75	74.95	75.22	73.62
Industrial	456.8	454.2	451.0	456.2	461.8	464.4	498.2
Gold Mines	148.6	152.4	155.1	158.8	158.4	157.6	187.6
Gold Mines(Ex-$ pm)	136.8	141.1	141.3	143.3	165.8	147.5	126.8
Ord. Div. Yield	7.08	7.05	7.09	6.90	6.88	6.82	5.29
Earnings, Yld. % (full)	17.91	17.89	17.98	17.57	17.28	17.16	16.34
P/E Ratio (net) (*)	7.01	7.03	6.98	7.21	7.25	7.30	8.18
Total bargains	16,044	16,327	16,066	16,565	16,308	15,667	—
Equity turnover £m	—	81.73	71.10	89.84	76.31	78.97	205.85
Equity bargains total	—	11,691	12,888	12,829	11,348	11,168	18,444

10 am 452.7. 11 am 453.8. Noon 455.0. 1 pm 456.4. 2 pm 455.8. 3 pm 455.8. Latest Index 01-246 8026. * Nil = 6.75.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (4/5)	66.03 (8/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (6/6)	95.3 (2/1)	337.1 (3/4/74)	54.3 (26/6/75)

S.E. ACTIVITY

	Aug. 1	July 31
Daily		
Gilt Edged	121.7	145.8
Industrials	152.2	145.3
Speculative	23.4	24.3
Totals	81.8	85.7
5-day Av'rge		
Gilt Edged	153.1	157.2
Industrials	153.0	155.8
Speculative	35.6	35.3
Totals	89.7	90.5

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (16)

ELECTRICALS (1) Automated Security
ENGINEERING (1) Bromsgrove Casting
FOODS (2) Hillards, Unigate
INDUSTRIALS (4) Broken Hill Propriet., Cowan de Groot, Russell (A.), [illegible]
PROPERTY (1) Sunley (B.)
SHOES (1) Style Shoes
TEXTILES (1) Leigh Mills
TRUSTS (1) London Merchant
OILS (1) Oil Exploration
MINES (2) Silvermines, [illegible]

NEW LOWS (49)

AMERICANS (1) ASA
BANKS (1) Grindlays Bank
BEERS (1) Irish Distillers
BUILDINGS (1) Gallford Brindley
CHEMICALS (2) Ellis & Everard, Wardle (Bernard)
STORES (2) Ratners, [illegible]
ELECTRICALS (1) Rediffusion
ENGINEERING (8) Birmingham Pallet, Johnson & Firth Brown, Brooke Tool, Ley's Foundries, Edbro, Stone-Platt, Garton Engineering, Tockware
INDUSTRIALS (12) Duffey Bitumastic, Hoover A, Hymac, Semser (F.)
LEISURE (1) Black & Edgington
MOTORS (1) Lucas Industries
PAPER (1) Inveresk
SOUTH AFRICANS (1) OK Bazaars
TEXTILES (3) Hield Brothers, Illingworth Morris, [illegible]
TRUSTS (9) Border & Southern, Jersey General, Cardinal Investment, North Atlantic Sec., Continental Union, Progressive Secs. Inv., [illegible], General Stockholders
OVERSEAS TRADERS (2) Paterson Zochonis, Paterson Zochonis A
RUBBERS (1) Grand Central
TEAS (1) Empire Plants
MINES (3) Marievale, Western Holdings, F. S. Geduld, Impala Platinum

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	75	3	2
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	283	204	860
Financial & Prop.	159	50	[illegible]
Oils	19	5	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	14	76	[illegible]
Others	18	22	[illegible]
Totals	584	379	1,[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13
Aug. 21	Sept. 3	Nov. 15	Nov. 27

For rate indications see end of Share Information Service

Call options were done in Lonrho, Bambers, Burmah, Sandeman, Robertson Foods, Lex Service, Spillers, Slough Estates, Provident Financial, Barker and Dobson, York Trailer, Premier Oil, New Throgmorton Warrants and Strong and Fisher. Puts completed included Anglo-American Asphalt and Wilson Walton. No doubles were reported.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

Food Retailing	+29.39	Industrial Group	+4.93
Property	+27.87	Engineering Contractors	+3.80
Oils	+26.49	Other Groups	+2.56
Merchant Banks	+26.16	Tobaccos	−0.94
Stores	+23.05	Investment Trusts	−1.06
Discount Houses	+20.09	Metal and Metal Forming	−1.17
Electronics, Radio and TV	+18.28	Food Manufacturing	−1.60
Electricals	+18.10	Contracting and Construction	−2.36
Wines and Spirits	+14.60	Chemicals	−3.35
Mining Finance	+12.21	Hire Purchase	−3.26
Consumer Goods (Non-Durable) Group	+10.07	Insurance (Composite)	−3.81
Overseas Traders	+9.97	Mechanical Engineering	−5.37
Entertainment and Catering	+9.34	Packaging and Paper	−7.25
Shipping	+9.07	Motors and Distributors	−8.03
Banks	+8.61	Office Equipment	−10.85
500 Share Index	+8.53	Household Goods	−11.54
Insurance (Life)	+8.03	Pharmaceutical Products	−13.27
Gold Mines FT	+7.86	Textiles	−18.47
All Share Index	+7.63	Insurance Brokers	−23.00
Building Materials	+7.38	Toys and Games	−28.01
Consumer Goods (Durable) Group	+7.25		
Capital Goods	+7.11		
Newspapers and Publishing	+6.00		

† Percentage changes based on Tuesday, July 31, 1979 indices.

In Tuesday's Financial Times, incorrect dividend yields were shown in the FT-Actuaries display in respect of the Pharmaceutical sub-section and its four parent groups.

The correct dividend yields for July 30 should have been shown as follows: Pharmaceuticals, 5.25 per cent; Other Groups, 6.58 per cent; Industrial Group, 6.20 per cent; 500-Share, 6.02 per cent and All-Share, 6.03 per cent.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	10	1,160	−35	1,295	882
BAT Inds.	25p	8	281	+10	362	255
Barclays Bank	£1	8	428	+ 6	514	360
ICI	£1	8	322	+ 1	415	314
Shell Transport	25p	8	340	+ 2	492	278
Tricentrol	25p	8	222	+12	254	148
Courtaulds	25p	7	83	—	122	82
Beecham	25p	6	133	+ 1	189	130
Burmah Oil	£1	6	140	+ 3	150	82
GEC	25p	6	356	+ 3	456	311
GUS A	25p	6	390	+ 4	448	288
GKN	£1	6	259	+ 1	308	226
Imperial Group	25p	6	91	+ 2	108	82
Turner & Newall	£1	6	123	+ 4	176	114
P. & O. Defd.	£1	5	101	+ 1	105	71

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	24.8	75	60	Arrow Chemicals	66	+1	b2.0	2.5	4.3	14.7
‡‡	F.P.	11.7	91	74	B. & Q. (Retail) 5p	76	+2	2.46	2.8	3.2	16.3
80½	F.P.	27/7	105½	89½	Fairline Boats	105½		b3.5	3.5	4.9	7.3
‡‡	F.P.	—	55	52	Malay'n P'l'n Berhad	53					
160	F.P.	5/9	187	173	Mercantile House	177		10.72	2.3	8.7	7.3
‡‡	F.P.	—	38	26	Motor Oil	26					
‡‡	F.P.	—	44	35	Phcomm 10p	35		N1.0	4.6	4.1	12.7
‡‡	F.P.	—	35	30	St. George Assets 10p	31		0.1	4.5	[illegible]	20.1
150	F.P.	8.8	187	178	Standard Tel. & Cables	186	+2	b8.0	2.1	6.1	11.2

FIXED INTEREST STOCKS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −
‡91	F.P.	21/9	67	66½	Aurora 8½ Conv. Cum. Pref.	67	
‡‡	F.P.	20/7	101¼	93	English & Overseas Inv. Conv.	95	
‡99½	F.P.	11/1	114	111	Essex Water 8% Red. Pref. 1984	114	+1
100	F.P.	27/7	115	107½	Kwik-Fit (Tyres) 8% Conv. Un. 1979/85	115	+2
100	F.P.	[illegible]	97	[illegible]	Marsh'll's Univ'ty [illegible] Cnv. Cum. Red. Pref.	97	
100	F.P.	30/8	102	100	Portsmouth Water 8% Red. Prf. 1984	101	
‡‡	‡‡	—	98½	97	Scot. Agricultural Sec. 13% Deb. 97-99	97½	
100	F.P.	—	101	100	Stonehill 10% Cum. Pref.	100	
‡98	F.P.	24/8	101	100½	Sund. & S. Shields Water 8% 1986	101	
‡98	F.P.	18/10	101	100½	Wrexham Water 8% 1984	101	

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −
A52	Nil	—	38pm	37pm	Bank of New South Wales	37pm	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Causton Sir (J.)	40	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Century Oils	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Combined English Stores	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Control Securities	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Dixon (David)	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Elliott (B.)	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Geevor Tin	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Goodwin (W.)	[illegible]	
[illegible]	Nil	[illegible]	19pm	17pm	Goldberg (A)	17pm	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Grand Metropolitan	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Hanson Trust	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hargreaves	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Harry's Wharf	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Highland Dist.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Holt Lloyd Intl.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Int. Timber	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Lennons	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	McCorquodale	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Ovenstone	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sound Diffusion	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Style Shoes	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	UBM	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	W.G.I.	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Aug. 1, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., July 31 Index No.	Mon., July 30 Index No.	Fri., July 27 Index No.	Thurs., July 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	234.69	+0.5	18.30	6.04	7.06	233.63	233.41	237.61	239.06	229.20
2	Building Materials (27)	219.16	+0.4	19.10	6.06	6.82	218.37	218.95	223.85	223.72	210.47
3	Contracting, Construction (28)	346.69	+0.1	26.32	6.09	4.75	346.29	347.03	349.32	350.75	363.95
4	Electricals (15)	577.28	+0.9	13.51	4.01	10.16	572.01	568.45	581.19	582.88	462.89
5	Engineering Contractors (12)	365.80	—	20.26	6.62	6.16	365.38	368.57	376.71	379.91	339.21
6	Mechanical Engineering (74)	171.19	+0.3	19.63	6.75	6.49	170.65	170.83	172.70	174.79	185.28
8	Metals and Metal Forming (16)	157.02	+0.1	19.93	9.54	6.24	156.80	157.90	159.64	161.61	172.96
11	CONSUMER GOODS (DURABLE) (52)	222.41	+0.1	16.47	5.11	7.67	222.12	221.33	225.18	226.17	208.01
12	Lt. Electronics, Radio, TV (16)	310.44	+0.2	12.93	3.85	10.12	309.79	309.08	314.89	316.25	250.76
13	Household Goods (13)	147.27	+0.1	19.77	7.41	6.20	147.14	147.79	150.19	151.27	185.82
14	Motors and Distributors (23)	109.23	−0.1	24.49	7.67	4.96	109.29	108.40	109.72	110.29	128.39
21	CONSUMER GOODS (NON-DURABLE) (171)	229.93	+1.1	17.02	6.15	7.33	227.48	225.89	229.62	230.46	213.82
22	Breweries (14)	274.05	+0.2	16.55	5.52	7.21	273.37	271.58	274.88	276.87	240.34
23	Wines and Spirits (6)	323.43	−0.1	16.99	5.55	7.35	323.86	321.79	324.86	326.93	278.43
24	Entertainment, Catering (17)	297.50	+1.5	16.72	6.84	7.88	293.06	290.40	298.69	301.68	263.34
25	Food Manufacturing (19)	196.93	+1.6	20.10	6.71	6.19	193.75	192.34	194.96	195.52	203.83
26	Food Retailing (15)	298.36	+1.3	12.38	4.28	9.54	294.51	294.21	297.49	297.17	224.79
32	Newspapers, Publishing (12)	392.52	+0.7	24.10	7.41	5.82	389.95	393.61	401.54	404.86	396.37
33	Packaging and Paper (15)	121.95	+0.6	24.30	9.14	5.37	121.25	119.84	120.99	121.82	141.01
34	Stores (41)	235.68	+0.7	12.39	4.37	10.61	233.98	232.29	237.33	238.65	199.88
35	Textiles (23)	150.04	+0.7	24.36	10.27	5.20	149.02	148.93	149.93	151.18	188.74
36	Tobaccos (3)	239.73	+3.1	23.94	9.28	4.75	232.60	229.61	233.15	232.25	252.62
37	Toys and Games (6)	66.74	+1.6	25.90	10.09	4.90	65.66	64.76	65.30	65.86	112.30
41	OTHER GROUPS (99)	192.63	+0.3	16.56	6.52	7.44	191.97	191.16	194.08	194.46	208.56
42	Chemicals (18)	266.64	+0.2	19.03	7.24	6.13	266.01	263.96	267.23	267.06	293.98
43	Pharmaceutical Products (7)	211.55	+0.5	13.26	5.18	9.22	210.50	208.73	213.11	213.40	272.19
44	Office Equipment (6)	115.67	+0.8	17.34	7.17	7.24	114.75	114.54	116.29	116.68	135.01
45	Shipping (10)	442.37	−0.2	10.63	6.78	12.60	443.04	441.11	449.43	452.47	422.55
46	Miscellaneous (58)	229.36	+0.4	16.99	6.40	7.61	228.53	228.66	231.92	232.70	223.05
49	INDUSTRIAL GROUP (494)	228.42	+0.7	17.20	6.13	7.31	226.87	225.83	229.58	230.50	223.20
51	Oils (6)	633.75	−1.2	12.53	5.31	8.49	641.41	640.92	644.10	647.19	485.69
59	500 SHARE INDEX	261.16	+0.3	16.37	5.98	7.49	260.27	259.25	263.02	264.16	245.34
61	FINANCIAL GROUP (116)	182.22	+1.5	—	5.74	—	179.88	178.76	182.03	183.70	172.00
62	Banks (6)	216.39	+2.0	37.54	5.92	3.41	212.18	210.12	216.39	218.96	188.01
63	Discount Houses (10)	251.65	−1.1	—	7.29	—	254.37	253.55	257.50	257.62	210.88
64	Hire Purchase (5)	158.89	+0.9	20.88	5.46	6.14	157.40	157.40	161.10	161.98	158.54
65	Insurance (Life) (10)	145.07	+0.8	—	7.01	—	143.89	143.57	145.87	146.99	146.11
66	Insurance (Composite) (8)	119.49	+2.0	—	7.56	—	117.34	116.28	117.73	118.60	134.58
67	Insurance Brokers (10)	242.16	+2.4	20.67	7.57	6.92	236.49	232.59	236.93	235.10	359.76
68	Merchant Banks (14)	94.72	−3.0	—	5.88	—	97.63	97.89	96.10	96.32	81.53
69	Property (43)	346.75	+1.2	3.24	2.61	45.95	342.71	340.73	346.82	351.85	254.28
70	Miscellaneous (10)	112.81	−0.4	16.50	7.91	7.77	113.27	114.20	115.92	116.67	109.38
71	Investment Trusts (110)	201.37	+0.5	—	5.62	—	200.42	200.20	201.73	202.83	234.04
81	Mining Finance (4)	113.43	−0.2	17.56	6.66	6.98	113.70	112.28	112.77	112.16	105.47
91	Overseas Traders (20)	322.30	+0.2	16.27	7.72	7.26	321.77	319.71	324.24	325.83	318.46
99	ALL-SHARE INDEX (750)	238.31	+0.5	—	5.97	—	237.13	236.10	239.54	240.71	226.72

FIXED INTEREST PRICE INDICES

	British Government	Wed., Aug. 1	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.10	+0.11	—	5.18
2	5-15 years	116.56	+0.74	—	6.90
3	Over 15 years	123.70	+0.80	—	8.15
4	Irredeemables	137.59	+0.49	—	7.24
5	All stocks	114.54	+0.53	—	6.67

FIXED INTEREST YIELDS (British Govt. Av. Gross Red.)

			Wed., Aug. 1	Tues., July 31	Year ago (approx.)
1	Low Coupons	5 years	10.31	10.36	8.63
2		15 years	10.74	10.81	10.04
3		25 years	11.16	11.26	11.57
4	Medium Coupons	5 years	12.38	12.47	11.21
5		15 years	12.29	12.39	12.03
6		25 years	12.22	12.32	12.12
7	High Coupons	5 years	12.59	12.71	11.35
8		15 years	12.59	12.71	12.58
9		25 years	12.38	12.44	[illegible]
10	Irredeemables		10.73	10.78	[illegible]

		Wed. Aug. 1 Index No.	Yield %	Tues. July 31	Mon. July 30	Fri. July 27	Thurs. July 26	Wed. July 25	Tues. July 24	Mon. July 23	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.15	†12.77	58.31	58.35	58.47	58.54	58.44	58.49	57.28	[illegible]
16	Investment Trust Prefs. (15)	50.93	13.18	50.93	51.82	51.09	51.60	51.60	51.60	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	72.46	12.98	72.46	72.31	72.82	72.32	72.10	72.10	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster July 30	38.2	40.2	.....	6.27
Exempt July 31	100.7	104.7	.....	6.40

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	51.9	54.6	.....	3.86

Murray Johnstone U.T. Mgnt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	65.7	70.0	.....	4.65

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	50.1	53.5	+0.1	7.82
Mutual Inc. Tst	70.1	74.5	.....	8.62
Mutual Blue Chip	44.5	47.9	+0.1	7.06
Mutual High Yld.	55.3	59.7	.....	9.46

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.

Friends' Provdt. Unit Trs. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	46.5	49.7	+0.2	4.93
Do. Accum.	62.5	66.6	+0.3	4.93

Funds in Court
Public Trustee, Kingsway, WC2. 01-405 4300

Capital July 19	104.3	105.9	.....	4.72
Gross Inc. July 19	75.5	78.0	.....	10.00
High Yield July 19	87.1	90.0	.....	9.44

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	134.0	142.5	+0.5	5.30

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	118.1	123.1	.....	3.87
Quadrant Income	134.3	138.5	.....	8.67
Quadrant Intl. Fund	92.3	98.2	.....	1.73

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	67.2	71.8	−1.3	6.35
Sekforde T. (Acc.)	42.3	45.2	+0.3	5.76
Sekforde T. Inc.	39.7	42.5	+0.3	5.76

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	72.0	77.0	.....	3.07
Ridgefield Income	88.0	94.0	.....	9.69

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)
140, South Street, Dorking (0306) 86441

Am. Exempt	22.2	23.4	+0.2	4.45
Am. Growth	27.3	29.5	+0.1	3.96
Am. Smaller Cos.	29.8	32.0	+0.2	2.04
Exempt High Yld.	27.4	28.8	−0.1	8.16
Exempt Mkt. Lors.	28.0	29.5	.....	4.59
Extra Inc. Tst.	28.0	30.1	.....	9.84
Income Dist.	42.5	46.0	+0.1	9.31
Inc. 10% Wdrwl.	31.2	33.7	.....	—
Inv. Tst. Units	26.7	28.7	.....	5.26
Intl. Growth	45.9	49.3	−0.4	4.23
Market Leaders	31.8	34.4	+0.1	5.11
"Nil Yield"	28.7	31.0	+0.1	—
Pref. & Gilt Trust	22.9	24.6	.....	12.00
Property Shares	37.6	40.7	+0.3	2.14
Special Sit. Tst.	38.0	40.9	+0.4	1.81
U.K. Grth. Accum.	24.6	26.6	.....	5.18
U.K. Grth. Dist.	20.9	22.5	.....	5.18

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

Capital July 31	107.2	115.2	.....	3.32
(Accum. Units)	131.8	141.7	.....	3.32
Income July 31	190.8	205.1	.....	8.20
(Accum. Units)	298.1	320.5	.....	8.20

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Income & Growth	22.4	23.5	.....	9.03

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT August 1	52.7	56.1	−1.7	5.12

Transatlantic and Gen. Secs.♥ (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651

Barbican July 26	79.4	84.5	.....	6.60
(Accum. Units)	128.4	136.8	.....	6.60
Barb. Expt. July 25	72.5	74.1	.....	6.74
Buckhm. July 26	82.7	88.0	.....	5.05
(Accum. Units)	105.7	112.4	.....	5.05
Colemco July 27	132.0	139.7	.....	6.23
(Accum. Units)	165.7	175.3	.....	6.23
Cuml. August 1	55.2	57.1	−1.4	7.59
(Accum. Units)	61.1	65.5	−1.6	7.59
Glen July 31	54.2	57.8	.....	3.98
(Accum. Units)	71.8	76.5	.....	3.98
Marlboro July 31	47.4	49.7	.....	3.02
(Accum. Units)	55.3	57.9	.....	3.02
Van Gwt. July 31	49.9	52.8	.....	3.92
(Accum. Units)	62.7	66.2	.....	3.92

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$8.16	+0.23	—

Net asset value August 1

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.68	12.70	.....	12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	.....	7.87

Next dealing August 6.

Gov't Secs. Tst.	95.5	98.0	.....	12.76

Next dealing date August 6.

East & Intl. Tst. (CI)	102	109	.....	3.47

Next dealing date Aug 9.

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,330	1,463	.....	2.40
Bondselex	116.35	122.40	.....	2.40
Central Assets	£148.61	148.67	+0.03	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.65	9.91	−0.51	11.75
Gilt Trust (I.o.M.)	108.0	110.8	.....	11.75
Gilt Fnd. Guernsey	10.01	10.06	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.96	22.10	.....	—
First Intl.	$US239.36	240.01	.....	—

Kleinwort Benson Limited

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AUSTRALIAN

TINS

High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	27	.....	2.81	1.3	14.9
435	265	Ayer Hitam $M1	280	.....	Q300c	0.5	23.0
72	52	Beralt Tin	51	–1	4.0	3.3	11.2
270	175	Berjuntai $M1	180	.....	†Q110c	1.0	15.0
160	125	Geevor	130	.....	8.71	3.1	9.6
10½	8	Gold & Base 12½p	8½	.....	—	—	—
365	295	Gopeng Cons.	325	.....	†18.0	1.4	7.9
370	295	Hongkong	320	.....	†12.5	2.8	5.6
98	64	Idris 10p	84xd	.....	†8.0	5.3	13.6
14	9½	Jantar 12½p	11	.....	←	—	—
95	58	Kamunting $M0.50	70	.....	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	340	.....	—	—	—
465	365	Malay Dredging $M1	380	.....	†175c	0.7	1.7
57	28	∆Pahang	28	.....	—	—	—
123	60	Pengkalen 10p	110	.....	4.5	1.2	6.1
275	195	Petaling $M1	205	.....	†Q120c	1.3	12.6
85	62	Saint Piran	71	+1	†2.03	6.5	4.1
58	45	South Crofty 10p	45	.....	†4.19	2.0	13.3
230	170	South Kinta $M0.50	175	.....	†Q145c	0.6	17.8
405	285	Sthn Malayan $M1	335	.....	†Q190c	1.0	12.2
310	210	Sungei Besi $M1	255	.....	Q520c	φ	58.4
75	40	Supreme Corp. $M1	40	.....	ZQ10c	—	5.4
105	94	Tanjong 15p	95	.....	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	.....	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	.....	Q25c	5.2	2.8

COPPER

High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
111	56	Messina R0.50	68	.....	—	—	—

MISCELLANEOUS

High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
81	54	Barymin	60	.....	—	—	—
13½	10	Burma Mines 17½p	11½	.....	—	—	—
345	170	Cons. Murch. 10c.	250	.....	ZQ30c	—	6.1
410	290	Northgate C$1	320	+5	—	—	—
362	226	R.T.Z.	260	.....	11.5	2.7	6.3
31	18	Robert Mines	26	+2	—	—	—
65	30	Sabina Inds. C$1	35	–1	—	—	—
880	525	Tara Exptn. $1	550	.....	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
$17½	$10½	Buffels R1	$13¾	–⅜	Q200c	φ	17.6
$15½	890c	East Drie R1	$11⅞	–½	†Q115c	1.6	11.7
$10¼	350c	East Rand Prp. R1	925c	–50	†Q10c	—	1.3
$27⅝	$18¼	F.S. Geduld 50c	$24⅝	–⅞	†Q375c	2.4	15.5
$19⅝	$11⅛	Pres. Brand 50c	$17	–½	†Q150c	3.2	10.7
$18⅛	$10¼	St. Helena R1	$15⅞	–½	†Q190c	1.4	14.5
760c	407c	Stilfontein 50c	650c	–5	†Q66c	1.7	12.3
$35¼	$18¼	Vaal Reefs 50c	$29¼	–1¾	†Q280c	2.7	12.3
$50¼	$28¼	West Drie R1	£43¼	–1¾	Q625c	φ	17.2
$36½	$22¼	West Hldgs. 50c	$32¼	–2¼	†Q415c	1.4	15.6
$18½	$10⅞	Western Deep R2	$14⅛	–½	†Q147½c	2.1	13.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ● Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum

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Higsons Brew	75	.....	Helton (Hldgs.)	80	.....
Holt (Jos) 25p	260	.....	Ins. Corp	210	.....
I.O.M. Stm. £1	153		Irish Ropes	70	..
Pearse (C. H.)	265	.	Jacob	40	...
Peel Mills	30		T.M.G.	180	+5
Sheff. Refrshmt	105	..	Unidare	81	.

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B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowater	18	"Lots"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
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Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	P.H.M.	5	Shell	25
Glaxo	50	Rank Org	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd.	26	Thorn	35	Cons. Gold	20
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday August 2 1979

New Italy crisis as Pandolfi fails to form government

BY PAUL BETTS IN ROME

SIG. FILIPPO MARIA PANDOLFI, the Christian Democrat Prime Minister designate, last night gave up his attempt to form a new Italian government. His failure plunged Italy into what is perhaps its worst political crisis since the war.

Sig. Pandolfi, who was asked by President Pertini to try to form a government last Friday, was the third politician to make the attempt since the inconclusive general election last June.

He had been expected to succeed, since he was trying to form a temporary government of no specific political colouring. His administration was to allow time for the deep divisions and splits between and within the various parties to diminish, and to give Italy at least a working government until after the summer recess.

As late as yesterday he appeared to be succeeding. But renewed obstacles and acrimonious differences between the various parties made it impossible for him to form an administration.

The principal obstacle came from the Socialists, whose central committee yesterday said they would not support his government tacitly by abstaining in Parliament.

But the smaller parties like the Republicans, the Liberals and the Social Democrats all continued to impose conflicting conditions in exchange for their support.

Last minute bickering over the appointment of ministers also exacerbated the political climate yesterday in what must have been one of the most confused days in any Italian political crisis since the war.

At the root of the problem is undoubtedly the state of disarray of the long-ruling Christian Democrat Party which at the last minute also appeared split over Sig. Pandolfi's attempt.

The party is currently in the throes of a pre-Congress battle. The current leadership is coming under increasing attack from a number of vociferous and powerful factions within the party.

These devisions follow the Christian Democrats leadership's decision to oppose an attempt by the Socialist leader, Sig. Bettino Craxi, to form a government last month.

With a rekindling and worsening of political tensions a solution to Italy's protracted crisis now looks even further off.

Indeed, if the current deadlock persists the country could eventually face the need for new elections.

On the surface at least, the difficulties to unblock the current political situation result from the inconclusive general election which has left the Socialist Party in a key position.

Without the support of the Socialists, no governing formula excluding the powerful Communist Party can be reached. As for the Communists, they have indicated they would only support a coalition government if they were directly represented in the Cabinet.

The main issue, therefore, remains Italy's complex question of the Communist Party's eventual collaboration in Government.

The Communist Party, which suffered a setback in the recent election, remains with 30 per cent of the electorate the country's second largest party after the Christian Democrats with 38 per cent.

CUSTOMS WORK-TO-RULE STARTS TONIGHT

Travellers facing long delays

BY PHILIP BASSETT, LABOUR STAFF

CUSTOMS OFFICERS at air and sea ports will begin working to rule from midnight tonight and the action may cause serious delays with the holiday season at its peak.

Union officials warned yesterday of delays up to four hours during the two-week action, though the Government is ready to bring in contingency plans which are likely to include a *relaxation of regulations on duty-free goods.*

About 6,000 customs officers, members of the Society of Civil and Public Servants, and about 2,000 customs clerical staff, members of the Civil and Public Services Association, have been *told to work to rule.*

Customs officers will carry out extra-detailed examinations of passengers with goods to declare and more spot-checks of those declaring nothing. Detailed checks of duty-free goods on board ships and aircraft would also slow down turnround times and cause further delays.

The Customs and Excise said, though, that the "Red" and "Green" channels system should help to deal with the action.

The unions estimate that the action will particularly hit Heathrow, Gatwick and Luton *airports and Dover and Folkestone* cross-channel ports, because they are busiest.

But Miss Judy McKnight, SCPS assistant secretary, said the action had not been deliberately timed to coincide with the peak holiday period. The timing had been forced on the unions by the Government.

The action is designed to *highlight the understaffing* in the Customs and Excise Department and to influence decisions to be made by Ministers in September on whether to cut Customs staff by 10, 15 or 20 per cent in line with the overall review of Civil Service staff *costs.*

The department already plans to abolish 1,300 jobs under the three-month recruitment ban in the Civil Service. Though the overall ban is due to end later this month, union officials said that to stave off redundancies in the Department all Customs recruitment was likely to be frozen until next April.

The SCPS, which has 17,000 Customs and VAT members, said that further cuts would cripple the department and would mean abandoning many essential controls on drug smuggling, rabies, industrial quotas and other activities.

Seamen black North Sea rigs

BY NICK GARNETT, LABOUR STAFF

CREWS ON supply boats serving North Sea oil rigs and platforms involved in the offshore catering workers' strike were instructed by the National Union of Seamen yesterday not to service those installations.

The union said that that would affect about 80 boats, almost the whole supply fleet. Very few vessels are thought to be operated by companies with *no agreement with the seamen's union.*

The boats supply all heavy materials, engineering and replacement equipment for the installations. The oil companies felt that if the instruction was supported it might have a significant effect on oil production within a month.

The effect would be much more rapid for any well that developed mechanical trouble and required new equipment.

The supply boats also transport most food, but platforms and rigs usually have at least 30 days' supply.

The union said that its instruction would apply to movement of equipment to more than 30 installations, although 27 are normally supplied by the four catering companies whose workers, numbering more than 500, have been on strike since the weekend.

Some installations are apparently exempt from the action because their pay and conditions are comparable with the caterers' pay claim for £600 minimum rate for a two-weeks on, two-off period. The catering companies have offered £440.

The Inter-Union Offshore Committee, which met yesterday, will meet on Monday to review the position.

The construction section of the Amalgamated Union of Engineering Workers has reaffirmed instructions to its members not to cross picket lines set up by the seamen's union and the Transport and General Workers' Union, which also represents the catering workforce.

Dockers at Aberdeen, however, rejected a request this week from the Transport Workers not to handle food containers destined for the affected installations. Dockers at other ports are blacking food and equipment.

Mr. Harry Bygate, Aberdeen branch secretary of the seamen's union, said: "*There is no way* that seafarers can continue servicing the installations while construction workers are refusing to cross our picket lines and dockers in Dundee, Montrose, Glasgow and Methil are blacking supplies to the rigs."

Eagle Star renews Sunley bid six years after first offer

BY CHRISTINE MOIR

EAGLE STAR, the insurance group, has renewed its suit for Bernard Sunley Investment Trust, the property company in which it has a 33 per cent stake. The announcement of new bid talks comes nearly six years after its first offer was interrupted by the Monopolies Commission which gave it clearance and then by the collapse of the property sector.

Sunley's shares, already 12p up after the announcement that the group had finally sold its French ski resort—the last headache left over from the early 1970s—rose another 45p yesterday to 447p. At this level *Sunley is valued at £71.5m,* a 13 per cent rise since the end of the week, and only £2m short of Eagle Star's 1973 offer.

The market price compares with the company's own statement in May that net assets were worth 352p a share excluding the ski resort.

That figure, however, was based on the value of the properties in March last year. Since then property values have risen substantially and the whole portfolio is to be revalued.

As a result the formal offer from Eagle Star is likely to be at least a couple of months away.

Another delaying factor is a side deal whereby John Sunley and his family are to buy the construction arm of the group which last year made trading profits of £4.5m largely from overseas contracts. Unravelling *the cross guarantees and book* value of this business will also take time.

Eagle Star has been widely expected to make a bid for a major property company since early this year when it briefly joined the crowd bidding for English Property Corporation. It finally sold its 27 per cent stake to the successful Canadian bidder for £16m.

In addition to its 33 per cent stake in Sunley, Eagle Star also owns sizeable holdings in three other quoted property companies, Daejan Holdings, United Kingdom Property and Winston Estates.

The success of the bid, when it comes, depends on the Sunley family. The directors hold only 1.3 per cent of the shares, but private companies and trusts controlled by the family own a further 38.8 per cent.

The family is to be represented in the talks by Barclays Merchant Bank. Morgan Grenfell, which acted for Wereldhave, the Dutch Group, in the EPC bid, is acting for the company, and Eagle Star is again represented by Hill Samuel

Continued from Page 1

Warning by Bank

damage to industry than occurred in 1974.

This report corroborated the views of the Confederation of British Industry, also submitted to the council, about the prospects of a decline in industrial activity, profitability, and investment.

Sir Leslie Murphy, chairman of the National Enterprise Board, said there was a risk of an "industrial desert."

Mr. Murray said that there were "critical parts of the economy exposed in such a way that they might not recover."

He added that there was a risk of "bankruptcies and higher unemployment." He said he feared that old industries would not be modernised because of the lack of investment.

He told Sir Geoffrey that concentrating on wages was not enough. The Government should also deal with interest rates, exchange rates and VAT levels.

Sir Geoffrey replied: "You can't magic your way out by *manipulating your way through* the demand side of the economy." The Government's powers were "strictly limited" over items such as the exchange rate, and there was "no significant room for manoeuvre."

Summing up the first major joint assessment of the Country's economic prospects by both sides of industry and the present Government, he said that bankruptcies would follow high wage increases and appealed to industry to "react responsibly."

Sterling up, but remains volatile

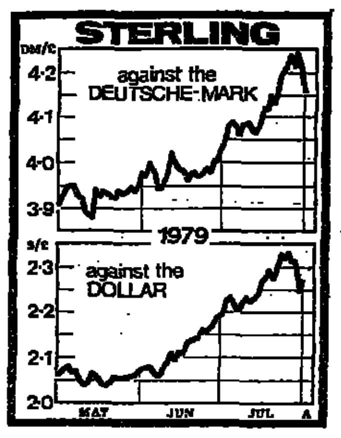
By Peter Riddell, Economics Correspondent

STERLING ROSE yesterday against most currencies, reversing part of Tuesday's sharp decline. But the rate remained volatile and trading conditions were nervous.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, rose by 0.3 points to 72.4 after falling by 1.7 points on the previous day. At *one stage the index touched* 71.6.

The rate opened firmer in Europe, then slipped back. There was little selling and the pound recovered sharply *during the afternoon in response* to sizeable buying from the U.S.

Dealers said Tuesday's decline may have been overdone, though they were reluc*tant to say that the shake-out*



was finished after the earlier sharp rise in the rate.

The pound fluctuated within a range of \$2.2450 and \$2.2770 before closing 2¼ cents up at \$2.2705. This cancelled out slightly more than one-third of the earlier fall of 6.55 cents.

There were similar movements against the main Continental currencies. The pound at one stage fell to DM 4.11½ before closing at DM 15¼. This compared with DM 4.12¾ on Tuesday evening.

The rise in sterling boosted prices on the gilt-edged market where long-dated stock ended ¼ of a point up. The long tap closed a point higher at £14½, compared with its £15 partly paid issue price of a week ago.

In contrast, the dollar weakened slightly, falling to DM 1.8285 *from DM 1.8335 on* Tuesday. Its trade-weighted index, as calculated by the Bank of England, slipped by 0.2 points to 84.4.

The price of gold fell *sharply in the London bullion* market, responding to profit-taking. The price per ounce fell by \$9 to \$289¼ at the London close, its lowest level since mid-July. Later in New York *the price* dropped a further \$3.

BP says it observed all Nigeria's oil movement curbs

BY RAY DAFTER AND JOHN LLOYD

BRITISH PETROLEUM said yesterday that it had fully observed all regulations placed by Nigeria *on the movements* of its oil.

Mr. Monty Pennell, the company's deputy chairman, said: "It does look as though the Nigerian action is aimed not at *BP but at the British Government.*"

At the same time, the company said that its subsidiary in South Africa had taken delivery of a 70,000-tonne cargo of oil *from "an unembargoed source."* The cargo represented only 6 per cent of the subsidiary's contractual requirements.

BP is urgently reviewing its crude oil trading business. The takeover means that it lost a supply of 280,000 barrels a day 12m tonnes a year—when it has been hampered by large reductions in production from Iran and Kuwait.

Much of the company's business as a supplier to customers other than its own refineries has disappeared. The company said that third-party sales had dropped from 80m tonnes to *about 20m tonnes and might* fall by a further 12m tonnes, the amount of production lost from Nigeria.

However, Mr. Pennell said that the Nigerian oil would probably continue to be traded, probably on the spot market, where prices are higher.

BP said that the company and the Government had explained "with great care" to the Nigerian Government the nature of the swap arrangements by which North Sea oil would be sold on the European market in return for an equivalent *amount from an unembargoed source being sold to South Africa.*

BP's share of Nigerian output will in future be sold by the Nigerian National Petroleum Corporation, which, according to industry reports, is *to tighten its credit facilities* to harmonise them with those of certain other producers in the Organisation of Petroleum Exporting Countries.

Renegotiate

Nigeria, which produces just less than 2.5m barrels a day, is reported to be halving its credit period from 60 to 30 days, backdated to July 1.

BP wants to renegotiate the buy back arrangement for their North Sea participation crude. Under present arrangements, BP provides the Corporation with large quantities of Middle East crude oil in return for *retaining an equivalent amount,* by value, of its Forties Field oil.

BP has argued that the supply difficulties have been making it increasingly difficult to fulfil the arrangements. Consequently it wants to curtail the Middle East sales and retain all or most of its North Sea output.

Trust fails to buy cliff

BLACK HEAD, the Cornwall cliffland which for centuries was a landfall for sailing ships on the western approaches, has been sold to a private buyer against bidding by the National Trust.

THE LEX COLUMN

The crude gap at BP

Until now BP's third party *customers for crude oil, rather* than the group itself, have borne the brunt of the supply shortage which developed at the time of the Iranian crisis late last year. From 80m tons *in 1978, third party crude sales* have slipped to an annual rate of 20m tons. But this means BP is now getting down to a hard core, including participation crude for BNOC which *could account for something* approaching half of this volume. Now BP has lost a further 12m tons of Nigerian crude, and adjusting to this sudden and unexpected blow is *plainly going to hurt. The share* price reacted with a 35p drop to 1160p yesterday.

The financial impact on BP is, however, very much a matter of guesswork. The group is pru*dently not saying anything* about what it thinks its Nigerian assets are worth, though it has been told that compensation will be determined by the end of this month. Meanwhile, out*side guesses* are that BP has been making something of the order of \$2 a barrel on its Nigerian crude which would translate to net income of around £80m in a full year.

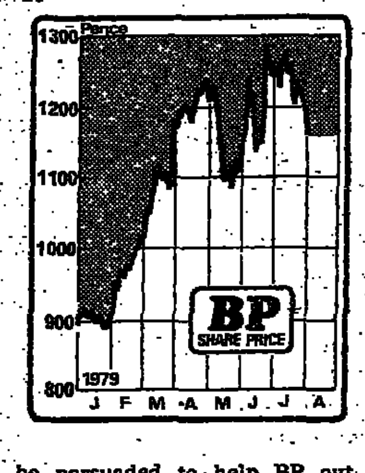
But only the last five months of the current year will be affected, and for 1979 estimates of net income, boosted by stock appreciation, stretch to £1,000m and beyond. So the effect will scarcely show this year, but might be more obvious in 1980 when the stock appreciation element is likely to melt away and net income drop back to a more substainable level.

Yet there is still scope for BP to limit the damage by rearranging its supply contracts, and while in the near term an attempt to replace the lost crude with spot market purchases would prove highly expensive this might not always be so. Already the spot market has come slightly off the boil.

In any case, the appeal of BP to investors lies overwhelmingly in the group's reserves of politically safe crude in the North Sea and Alaska, and the element of African earnings will have been capitalised on a very low multiple. So far the share price has dropped by about 4 per cent in two days which looks a fair reaction although it would not fully discount the Nigerian damage should a serious worldwide crude oil shortage persist through 1980.

Meanwhile the timing is embarrassing, coming just ahead of the planned Govern*ment share sale. In the cir*cumstances perhaps BNOC can be persuaded to help BP out of its difficulties, on the argument that BP is a victim of political sanctions which are really aimed at the Government.

Index rose 2.6 to 456.8



Dixons Photo

Dixons Photographic still likes to think of itself as a growth company but its recent performance is testing the loyalty of its stock market following. Having grown by 9 per cent in 1977-78, pre-tax profits in 1978-79 are up by 12.6 per cent at £10.7m.

This performance needs to be seen against the backdrop of one of the biggest-ever consumer spending sprees in the UK. The traditional photographic retailing business of Dixons took *full advantage of the upsurge* and retailing profits rose by 45 per cent on the back of 13½ per cent volume growth.

But Dixons has now resigned itself to the fact that Westons the Chemists is never going to become a serious rival to Boots and is rapidly slimming down its chemist chain from the 200 odd branches at the time of the takeover to a nucleus of 70-80 shops. It is also salvaging what it can from its wholesaling operation, where margins have been badly hit. With luck the worst is now over on this side of the business but the *outlook for consumer* durable spending has deteriorated since the Budget. At 138p the shares yield 4.0 per cent.

Eagle Star/Sunley

The announcement of bid talks between Eagle Star and Bernard Sunley comes just a day after news that the latter had finally extricated itself from *its disastrous French resort de*velopment. The two moves are closely linked. Although the dis*posal brings Sunley a net* book loss of around £7m, it clears out substantial debts and trading losses which have exceeded £1m over the last couple of years.

It is difficult to be prec[illegible] about what Eagle Star is lik[illegible] to offer for the 67 per cent of the shares which it does not already own. The asset va[illegible] after the French disposal [illegible] 352p per share on the basis [illegible] valuations in March, 1978. [illegible] current figure could easily [illegible] in excess of Sunley's closing price last night, which at 4[illegible] capitalised the company [illegible] £72m. However it is going [illegible] take time to work out bid ter[illegible] —it could well be October [illegible] fore they appear—so there [illegible] good reason to be cautious.

As part of the deal, Sun[illegible] is planning to sell its constr[illegible] *tion interests to its family sh*[illegible] holders. They could be wo[illegible] say, £8m or £10m. The compl[illegible] tion is that this business pla[illegible] *a big part in financing Sunl*[illegible] property activities during [illegible] lean years, so the group [illegible] have to unwind (or ca[illegible] forward) substantial debts [illegible] owing to its construction side.

Eagle Star shares rea[illegible] calmly to the news, rising 2p [illegible] 137p and a market capitalisa[illegible] of £184m. In Sunley, it will [illegible] getting a range of prime Lond[illegible] properties and a business w[illegible] has been well cleansed of [illegible] trouble spots. And by putt[illegible] the properties into the life fu[illegible] Eagle Star ought to be able [illegible] avoid diluting its own sha[illegible] *holders' interests to any ext*[illegible]

Hanson/Lindustries

At the time of its £[illegible] rights issue in June Hans[illegible] Trust hinted that it wanted [illegible] extra cash for acquisitions [illegible] Lindustries fits the bill nice[illegible] It is effectively a *mini-Hans*[illegible] Trust with interests in enginee[illegible] ing, rubber and textiles and [illegible] *profits after stagnating for th*[illegible] past few years look like fa[illegible] ing in the current year on [illegible] back of substantial losses [illegible] two of its engineering subsid[illegible] iaries.

Hanson wants to make bette[illegible] use of the assets and is no[illegible] going to be fobbed off as easi[illegible] as it was in October 1977, wh[illegible] Lindustries turned down a b[illegible] at the same price of 135p pe[illegible] share. The latter has alread[illegible] jacked up its dividend by [illegible] hefty amount in response to th[illegible] earlier bid but at last nigh[illegible] price of 120p the shares a[illegible] *standing at a discount of mor*[illegible] than a third to net asset valu[illegible]

Weather

UK TODAY

SHOWERS, more frequent in the North and East of England. Some sunny *intervals* in the South. Rain in Scotland and N. Ireland.

London, S.E., S.W., Cent. S. England, East Anglia, Midlands, S. Wales, Channel Is.

Sunny intervals, showers, some heavy. Max. 21C (70F).

E., Cent. N., N.E. England

Showers developing, some heavy. Max. 19C (66F).

N.W. England, Lakes, N. Wales, Isle of Man

Showers, sunny intervals. Rather cool. Max. 17C (63F).

Borders, Edinburgh and Dundee areas, Glasgow, Central Highlands

Cloudy, outbreaks of light rain. Max. 16C (61F).

Rest of Scotland, N. Ireland

Cloudy, occasional rain. Cool. Max. 14C (57F).

Outlook: Unchanging.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Algiers	S	33	91	Locarno	R	19	66
Amsdm.	R	15	59	London	F	18	64
Bahrain	S	35	95	Luxor	S	39	102
Barclna.	S	28	82	Madrid	S	29	84
Belfast	C	16	61	Majorca	S	30	86
Belgrd.	S	35	95	Malaga	S	36	97
Berlin	C	17	63	M'chstr	R	16	61
Biarritz	S	24	75	Melbne.	S	9	48
Bmghm.	C	19	66	Milan	F	39	102
Blackpl.	C	18	64	Mntreal.	C	23	74
Bordx.	F	22	72	Moscow	C	22	72
Boulgn.	C	16	61	Munich	C	20	68
Bristol	F	19	66	Nairobi	C	14	57
Brussels	R	16	61	Naples	S	30	86
B. Aires	C	16	61	Nwcstl.	R	13	55
Cairo	S	34	93	N. York	C	29	85
Cardiff	C	17	63	Nice	S	27	81
Cas'b'ca	S	24	75	Nicosia	S	30	86
Cape T.	S	18	64	Oporto	C	19	66
Chicago	C	22	72	Oslo	F	18	64
Cologne	C	19	66	Paris	R	19	66
Corfu	S	31	88	Perth	S	14	57
Dublin	C	15	59	Prague	F	21	70
Dbrvnk.	S	29	84	Reykjvk.	F	11	52
Ednbgh.	C	17	63	*Rhodes*	S	31	88
Faro	S	24	75	Rio J'o	S	27	80
Florence	F	32	90	Rome	F	30	86
Frankft	F	22	72	Salzbrg.	C	23	73
Funchal	F	24	75	Singapr.	S	29	85
Geneva	S	25	77	Stckhm.	F	20	68
Gibrltr.	S	29	84	Strasbg.	F	24	75
Glasgow	C	16	61	Sydney	S	15	59
G'nsey	C	15	59	Tangier	C	25	77
Helsinki	C	18	64	Tel Aviv	S	29	84
H. Kong	S	29	84	Tenerife	S	24	75
Innsbrk	S	24	75	Tokyo	C	32	90
Invrnss.	F	17	63	Toronto	C	23	73
I.o.Man	C	14	57	Tunis	S	31	88
Istanbul	S	31	88	Valencia	S	29	84
Jersey	R	16	61	Vienna	C	26	79
Jo'burg	S	13	55	Warsaw	F	26	79
L. Plms.	S	25	77	Zurich	F	22	72
Lisbon	F	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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